

AGUA Day 2024

Transcript

Good morning, everyone, and welcome to this year's AGUA DAY. We're delighted to have you with us. Please note that today's call is being recorded.

Before we begin, I'd like to remind you that today's discussion contains forward-looking statements. These statements are based on the environment as we currently see it, and there may be certain risks and uncertainties associated with them. 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.

Now, let's go over today's agenda:

We'll start with a keynote address from a leading expert on water issues in Mexico. She will share insights into the current challenges and opportunities in the country's water industry.

Following this keynote, we'll hear from seven members of the Rotoplas leadership team:

- First, Carlos Rojas Aboumrad will present the company's four strategic priorities guiding its story.
- Afterwards, Gonzalo Uribe, Fabiano, and Joseph, will discuss the specific plans and strategies tailored for Mexico, Argentina, and the United States.
- After that, Stephane Mathieu, will talk about Grupo Rotoplas's digitalization strategy, highlighting how they are leveraging technology to drive innovation and efficiency.
- We will conclude with Andrés Pliego, who will outline the company's financial strategy, and José Luis Mantecón, who will offer an update on the sustainability plan's progress.

I will give a brief introduction on each of today's speakers by order of appearance:

Starting with **Susana Barroso**, Susana is the Coordinator of the Communication Committee at the Water Advisory Council in Mexico and represents CANACINTRA (National Chamber of the Transformation Industry) before CONAGUA (Mexico's National Water Commission) and IMTA (Mexican Institute of Water Technology).

She is also a political consultant at Grupo Estrategia Política, where she actively contributes to the monitoring and analysis of legislative initiatives and public policies related to water management, as well as the food and beverage sectors.

Susana holds a degree in Political Science and Public Administration from Universidad Iberoamericana and a diploma in U.S. Political Institutions and U.S.-Mexico Relations from the University of California, San Diego.

Next, we will introduce the representatives of Rotoplas:

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 Innovation and Development department's success.

Gonzalo Uribe is a Board Member of Grupo Rotoplas and the CEO for Mexico and Central America. He joined the company in 2001 and has taken on various operational responsibilities, playing a key part in the growth and expansion of the business in Mexico, Latin America, and the United States.

Fabiano Gonçalves is Rotoplas' CEO of South America, responsible for operations in Argentina, Peru, and Brazil since 2018. He joined the company in 2003 and has held various managerial positions throughout his tenure.

Joseph Vesey joined Rotoplas in 2023 as the CEO of Acuantia US. Before this, Joe served as Senior Vice President and Chief Marketing Officer at Xylem and held multiple leadership roles on their senior leadership team.

Stephane Mathieu is the Chief Information Officer and Head of Digital at Grupo Rotoplas since 2022, when he joined the company. He spearheads the company's digital transformation, leveraging his extensive experience in IT and innovation. Prior to joining, Stéphane served as CIO at Grupo Gigante and CEO of Dicio, a subsidiary of Grupo Salinas.

Andrés Pliego is Rotoplas's Chief Financial Officer, responsible for financial planning, investor relations and sustainability, treasury, controllership, corporate legal affairs, and M&A. He joined Rotoplas in September of this year. Throughout his professional career, Andrés has held various financial roles at Discovery Americas, Grupo Coppel, and Volaris.

José Luis Mantecón is Rotoplas's Chief Sustainability Officer. He joined the company in 1993 and held the position of International Operations Director for several years, where he was responsible for the expansion in Southeast Mexico and Latin America.

We have an informative and exciting program ahead. Without further ado, please join me in welcoming our keynote speaker.

Susana Barroso Presentation

Host - Poll:

Thank you, Susana, for sharing such valuable content with us. Before we move on to the Rotoplas presentations, we'd like to hear your thoughts. You'll see a poll on your screen with the question:

Which sector do you believe has the greatest growth opportunity in Mexico in coming years?

- a) Irrigation
- b) Water treatment and recycling
- c) Rainwater harvesting
- d) Water purification
- c) Water storage
- d) Pipes

d) All of the above

Please take a moment to submit your response. Your feedback is important to us.

Now, let's open the floor to the Rotoplas presenters, starting with Carlos Rojas Aboumrad, CEO of Rotoplas:

Charlos Rojas:

Good morning, and thank you for joining us once again at this important event for Rotoplas. It's a privilege to have this opportunity to share our progress and strategy with all of you.

I'd like to start by thanking Susana for her insightful remarks. Her perspective highlights how water challenges are becoming more urgent, and the responsibility we all share to address them. At Rotoplas, we remain committed to creating solutions that ensure access to water for everyone, while contributing to its sustainable management and promoting its responsible consumption.

To fulfill our purpose and mission, we continue to focus on four strategic priorities, which we will discuss throughout the event. These priorities are: the sustainable growth of our traditional business, the growth and development of new—and not so new—businesses, business digitalization, and our commitment to supporting all stakeholders. A key element that cuts across all these priorities is profitability. Over the past years, we have made significant investments to lay the groundwork for growth, and now we are focused on ensuring these investments deliver tangible results in terms of improved return on capital deployed.

Let's begin with our first strategic priority, the Sustainable Growth of the Traditional Business. Starting with Project SMART, a transformative initiative in Rotoplas' history.

A key element of this project is the Tinaco Plus+, a reimagined version of our flagship water storage product. This is a legacy product that has accompanied our customers for decades, and we identified a strategic opportunity to drive innovation. Our goal was to create a product that maintained the same unparalleled quality that has defined Rotoplas for over 40 years, while introducing a cleaner, more efficient, and faster manufacturing process. All of this was done with one objective in mind: to deliver a new, top-quality solution to our customers.

Over the past year, we've fully implemented the new technology in all our manufacturing plants across Mexico, marking a major operational milestone. This initiative required an investment of 620 million pesos, which has already been fully executed. It is poised to deliver benefits by reducing manufacturing time by nearly 70% and optimizing our operations to achieve greater output with fewer resources.

The Tinaco Plus+ provides enhanced durability, improved handling, and new features, all thoughtfully designed with customer needs in mind. Since its launch, customer satisfaction scores for this product have risen by 11 points.

The CO₂ emissions per water tank decrease by 40%, aligning with our sustainability goals and our commitment to reducing our environmental footprint.

This year, a major milestone was the construction of our new plant in Ixtapaluca, in the eastern Valley of Mexico, part of the Metropolitan Zone with over 22 million residents—the country’s most densely populated area. This plant meets a clear need for greater capacity to support growing demand and expand our logistical reach. Strategically located in central Mexico, it allows us to serve this vital market, addressing significant water challenges with greater speed and efficiency.

The Ixtapaluca plant represents a total investment of 230 million pesos, of which 47% has already been invested, and incorporates SMART technology to enhance our production capabilities. It currently operates at 30% of its full capacity and has already produced over 53,000 units year-to-date. Beyond logistics, this facility was designed with sustainability at its core. Features such as energy-efficient systems, rainwater harvesting, and waste minimization position it as a candidate for LEED certification. It also improves working conditions for our employees, fostering a safer and more inclusive environment.

As you can see, the majority of investments in upgrading the products business unit have already been completed. Now, we are strategically positioned to realize the returns on these investments. Entering this next phase of reduced capital expenditures, we anticipate an enhancement in our ROIC.

Finally, we continue to strengthen our product portfolio to ensure we stay aligned with customer needs and improve their relationship with water. In storage, our focus is on creating products that ensure a constant and reliable water supply. This year, we introduced various solutions, including a pilot for urban rainwater harvesting systems designed to address the severe droughts experienced earlier this year, as well as accessible storage solutions tailored to meet the needs of diverse population segments.

In water flow solutions, we innovate by expanding our portfolio with products designed to meet diverse needs, including specialized pipes. We also develop advanced tools like pumps and smart systems to simplify water management and maximize resource efficiency. A standout example is Presión-Plus, an integrated solution that enhances water pressure and flow in homes. It features an interactive profiler that helps users identify the most suitable option based on their household and storage system characteristics, strengthening our connection with customers and improving their experience.

In improvement we focus on delivering solutions that ensure clean water. By using advanced filtration and eco-friendly designs, we provide water that supports healthier communities. For example, we launched the new self-cleaning biodigester, an ideal solution for homes without access to a centralized sewage system.

By embracing innovation, investing strategically, and staying closely connected to our customers, we are strengthening our traditional business.

Now I’d like to move on to our next priority, the growth and development of our new businesses.

Our services segment—which includes bebbia, Riego, RSA, Acuantia Brazil and Acuantia US —embodies our vision of addressing the entire water cycle, from irrigation and purification to wastewater management. While it is still in its growth phase and still on its way to achieving profitability, its importance to our overall strategy is significant.

As you can see on the slide, revenues from our services business have grown over the past years, highlighting its increasing relevance within the company.

- Services now represent a larger share of our total business, in 2020 they accounted for 5% of our total sales and now they stand around 7%.
- This business enables us to address customer needs in ways that go beyond traditional products, positioning Rotoplas as a comprehensive water solutions provider.

The evolution of this segment demonstrates our commitment to tackling water challenges holistically:

- With bebbia, we provide access to high-quality drinking water through subscription-based models that ensure convenience and reliability.
- Rieggo has revolutionized water management for agricultural operations, optimizing resources while promoting sustainability.
- Our treatment plants offer wastewater treatment solutions, enhancing water availability and improving the quality of the water that returns to the groundwater.

What makes this segment so strategic is its alignment with global trends in sustainability, water security, and food security. Having these solutions positions us as a leader in the water industry and strengthens our ability to deliver consistent value to our stakeholders.

However, we recognize that our services are still in the early stages of maturity. Growth in this area often requires investments in technology, infrastructure, and customer acquisition. While we are focused on building a strong foundation, we have also achieved attractive unit economics and made significant investments for the future. We remain confident in this segment's potential to deliver meaningful contributions to Rotoplas' overall performance in the years ahead.

A standout advancement in our services portfolio is the launch of bebbia Smart, which represents the next step in delivering customer-centric water solutions. This technology combines advanced IoT capabilities with a seamless user experience, setting a new standard for in-home water purification.

Here's what makes bebbia Smart unique:

- The bebbia Connect app provides users with live updates on their water quality and consumption, empowering them with actionable information.
- By replacing single-use bottled water, bebbia Smart contributes to reductions in plastic waste.
- The system uses a multi-stage process to remove up to 99.9% of contaminants, including bacteria, viruses, heavy metals, and microplastics, ensuring water that is safe, clean, and great-tasting.
- Smart notifications for filter replacements and regular maintenance ensure that customers always have access to optimal performance.

bebbia Smart exemplifies our commitment to innovation and to leveraging technology to meet customer needs.

Thank you for your attention. I'll now hand it over to Gonzalo. Before the Q&A session, I'll return for some closing remarks. Additionally, Stephane and José Luis will elaborate on the

progress we've made in the other two priorities: business digitalization and our commitment to stakeholders.

Gonzalo:

Thank you, Charly, and a warm welcome to everyone joining us today. We truly appreciate your interest. As the person responsible for operations in Mexico and Central America, I'm excited to delve deeper into two key areas: our Mexico Products division and bebbia, one of the most important businesses within our services platform.

Starting with Mexico Products, this division encompasses a broad range of solutions including storage products like water tanks and cisterns, water flow solutions such as pipes and valves, and improvement products like filters, septic tanks, and various items designed to enhance water quality.

This segment represents the bedrock of our company—the traditional core business that Rotoplas was founded upon over four decades ago. Today, our brands Rotoplas and Tuboplus are market leaders with strong recognition, synonymous with high quality and durability.

Reflecting on the current market outlook, we've observed a year marked by significant fluctuations in both market conditions and demand, varying each quarter due to diverse climatic scenarios.

In 2024, central Mexico endured one of the most severe water crises in recent memory. Reservoirs plummeted to historic lows, posing immense challenges for families, industries, and businesses striving to secure essential water supplies.

Conversely, the same year saw Mexico City experiencing a month with record-breaking rainfall—the most in over 80 years—transitioning from extreme drought to severe flooding. These dramatic shifts have altered consumer behavior and impacted the pace of construction projects, with some initiatives halted due to heavy rains.

Looking ahead, we anticipate that climate change will continue to drive these abrupt changes in demand. This reality demands greater agility on our part to adjust costs and expenditures, aiming to maintain stability in our margins despite the volatility.

To proactively address these challenges we've installed IoT sensors in key cities across Mexico to monitor water availability for families. This is helping us gather better data not only on water levels in households but also on the usage patterns and habits of our consumers. Our data indicates that when water shortages occur, there is a significant increase in demand for our storage solutions.

We've also navigated a highly competitive landscape, where other players have sought to reduce inventories by lowering prices, putting pressure on margins across the industry.

Despite these challenges, we see significant opportunities ahead and are confident in our strategy to capitalize on them.

To summarize our strategic focus for this division, our top three priorities are:

1. Consolidate Tinaco Plus in the market: Capitalize on its strong market acceptance to reinforce its position, expand its reach, and drive sustained growth.
2. Enhance our e-commerce platform with AI-powered assisted selling capabilities: Following the successful implementation in Bebbia's e-commerce operations, we aim to replicate these positive results across this division.
3. Continue our growth strategy with new products, including rainwater harvesting systems, a new line of pressurization solutions, washable filters, specialized piping, and IoT-enabled products.

Now, turning our attention to bebbia which is a key part of our services platform and a business that aligns perfectly with our mission. bebbia is a subscription-based service providing water purification solutions to homes and businesses across Mexico.

This year has been transformative for bebbia, with notable milestones:

- We have successfully grown our active customer base compared to 2023, highlighting the increasing demand for high-quality, sustainable water solutions. In 2024, we are set to welcome over 25,000 new users, bringing our total to more than 130,000 active customers.
- Over the last year, our Customer Lifetime Value (LTV) grew by nearly 30%, driven primarily by a reduction in churn and optimized service costs, while Customer Acquisition Cost (CAC) decreased by 15%, demonstrating the increasing efficiency of our customer acquisition strategies.
- The launch of bebbia SMART, our IoT-enabled purifier, has been a breakthrough. With its real-time monitoring features and user-friendly app, it now represents a significant share of new subscriptions. Looking ahead to 2025, over 90% of the new subscriptions are expected to feature IoT capabilities.
- Installation times were reduced by 25%, and over 93% of appointments are now completed successfully on the first attempt.
- Partnerships with companies in the banking and retail sector have expanded our reach into B2B channels.

To maintain and accelerate this momentum, bebbia is focused on three key areas:

- Expanding the adoption of IoT-enabled products.
- Leveraging partnerships in retail, banking, and manufacturing sectors to diversify revenue streams and enhance customer acquisition.
- Improving customer satisfaction and further streamlining installation processes. This includes training 100% of our technicians and maintaining a 93% installation success rate.

We recognize that questions have been raised about bebbia's path to profitability and scalability. Let me address these directly:

- By continuously optimizing unit economics, reducing churn, and improving customer retention, we are ensuring a clear trajectory toward profitability. The business is scaling sustainably and building a loyal subscriber base.

If we were to cease growing our customer base today, and considering the current churn rate, bebbia would achieve positive EBITDA. It's the accelerated growth that

leads to our current losses. We are ready to seize opportunities in this business as they arise, constantly evaluating growth versus profitability.

- The growing awareness of environmental concerns, coupled with dissatisfaction with bottled water, positions bebbia as a leading alternative.
- Continue to be focused on operational improvements, including better scheduling and real-time customer support.

Beyond the numbers, bebbia is reshaping how people access and think about water. In a country where over 70% of households depend on bottled water, bebbia provides a cleaner, more sustainable solution. It's not just a business—it's a commitment to delivering safer water for all.

Thank you for your time, and I'm happy to address any questions you may have. I'll now hand it over to Fabiano.

Fabiano:

Thank you Gonzalo. Good morning everyone, it's a pleasure to be here with you today. As mentioned in the introductions, I am responsible for the Group's operations in Argentina, Peru, and Brazil, supported by talented country managers.

Given our time restrictions and the relevance to our current focus, I will concentrate on Argentina. Like Gonzalo, I will discuss what we have observed and, more importantly, outline our priorities moving forward.

Starting with the current outlook:

- Argentina's economy is contracting, with a projected 3.5% decline in GDP for the full year.
- This contraction has negatively impacted demand across all industries.
- The construction sector, an industry closely linked to the company's products, has contracted by about 30% as of September.

We have also observed a significant devaluation of the Argentine peso and persistently high inflation rates. However, on a more optimistic note, monthly inflation has decreased, reaching 2.7% in October—the lowest level in three years—indicating modest signs of stabilization.

Also, Argentina has renegotiated its debt with the International Monetary Fund, obtaining better terms and securing additional financing. The country has recorded a significant financial surplus in October, reflecting a continuous effort to balance public accounts and reduce the fiscal deficit. Finally, Argentina's country risk has shown signs of improvement, and financial markets have been thriving as optimism has been increasing about future growth outlook.

Regarding our challenges and strategic priorities:

The abrupt reduction in demand has led to elevated inventory levels, impacting our operational efficiency. We are also facing difficulties in passing on price increases to customers due to market sensitivities. Furthermore, currency devaluation has strained our cash flow, as dollar-denominated costs and expenses are putting pressure on our margins.

Additionally, restrictions on international payments over the past few years have added further complexity to our financial transactions.

In response to these challenges, we have defined three clear strategic priorities that will strengthen our position in the market:

- Operational Efficiency and Working Capital Optimization

We are prioritizing efficiency across our operations, focusing on optimizing transformation costs and achieving savings in raw materials such as resins and steel. A key element of this strategy is optimizing inventory levels to align with a less inflationary economy while ensuring product availability to maintain a high customer service level.

- Innovation and Portfolio Growth

In a more open economy, we are focusing on launching new products and leveraging synergies across our three leading brands—Rotoplas, IPS, and Señorial—to drive growth and improve margins. Furthermore, with mortgage credit currently representing only 1% of GDP, any increase in this sector could stimulate construction activity, significantly boosting demand for our solutions.

- Digital Transformation and Improved Customer Experience

We are prioritizing the implementation of Data and Analytics (Dn&A) alongside the development of e-commerce channels. These initiatives are designed to complement our traditional sales channels, enabling us to deliver insights to our customers and significantly improve their buying experience.

At the same time, we are actively redesigning our go-to-market strategy, focusing on creating a seamless, customer-centric approach that aligns with the realities of an increasingly competitive and dynamic market. This transformation positions us to capitalize on the eventual economic recovery of the country, as the markets are now anticipating.

As a final remark, we observed a recovery in sales volumes during the third quarter compared to the second quarter of this year: a 30% increase in storage products, 50% in piping, and 4% in heaters, which has helped us maintain—or even increase—our market share.

Thank you very much for your attention. If you have any questions, we look forward to addressing them during the Q&A session.

Now, I will hand over the microphone to Joe to discuss the United States.

Joseph:

Thank you, Fabiano, and good morning to everyone. I'm here today to share an update on our U.S. operations, where we've been working to refine our approach and position ourselves more effectively in a market that remains both challenging and full of potential.

The U.S. water market represents a large opportunity for the company, with a served available market of \$3.2 billion and expected long-term growth of 3 to 5 percent annually. This growth is driven by the combination of several mega-trends including increasing water scarcity, stricter environmental regulations, and a heightened need for reliable water management solutions as climate change exacerbates droughts, flooding and forest fires.

That said, the U.S. is also one of the most competitive water markets in the world, requiring not only innovative products and services but also solid execution in how we create & deliver value. Our business model has three core capabilities that, when executed together, are distinct from our competitors: an online & e-commerce platform - plus - an inside/outside commercial team - plus - physical branches with local inventory and value added services. This year we've focused on simplicity and operational productivity across all three legs of our business model.

First, we simplified and refocused our septic solutions and services business while also integrating it across our three core capabilities to drive improved profitability. This business continues to see demand due to increased regulations and concerns around the environment. We've implemented lean practices across our operations, and now serve the right markets & customers with solutions that align with their needs.

We've made broad improvements in our online & e-commerce platform, adding over 350 new products and streamlined the customer journey from search to visiting our platform and ultimately through purchase & checkout. We feel well positioned with an expanded portfolio to better meet the diverse needs of our customers, from advanced storage solutions to innovative septic systems.

Our commercial execution has improved by focusing on key end market-segments delivering customer value through product & application expertise. In addition, we have improved the digital touchpoints with our customers by leveraging AI-powered platforms like HubSpot and Dialpad to more effectively engage customers and drive productivity in new customer acquisition costs.

Across our branch operations, our teams are executing on simplicity and lean practices to deliver operational improvements in several areas including inventory management, safety and customer loyalty. We like the progress our teams have made and look forward to continued efforts in all of these areas.

The U.S. market remains attractive but has seen short term challenges, driven by macroeconomic factors such as a slowdown in existing home sales, new residential construction and agriculture. In addition, a general lack of drought conditions has softened the need for broader water storage solutions. Our historical revenue performance in the U.S. reflects these challenges, and earlier in the year we restructured the business to address a cost structure that matches the environment we see in the market. We recognize that meeting expectations in the U.S. market has been a journey, but we're confident in the progress we've made this year. We are building a culture of accountability around a more focused strategy and simplified execution plan which we believe puts us on a path to profitable growth.

The U.S. market is a critical part of Rotoplas' broader vision for sustainable water management. By staying pragmatic about the challenges, we are positioning ourselves for long-term success.

Thank you for your time and attention. I'm now pleased to hand it over to Stephane, our CIO.

Stephane:

Thank you, Joe and good day everyone. Today, I'm excited to discuss our third strategic priority at Rotoplas: Our Business Digitalization. This year has been marked by significant strides in leveraging technology to enhance our operations, customer relationships, and ultimately, drive growth. I'll focus on two key areas where we've made the most progress: e-commerce and the adoption of Artificial Intelligence.

1. E-commerce: Empowering Our Distributors

- **B2B Platform Launch:** We've successfully launched our new B2B platform, designed to revolutionize how our distributors interact with us:

This platform has already resulted in providing increase in order execution efficiency, reducing processing time while providing a detailed view of the history and a real-time dashboard of the orders in process.

We've seen a significant rise in distributor engagement since launch, with several of our distributors actively using the platform daily.

The platform provides real-time view at the distributors Rotoplas acquired products, empowering distributors to make informed purchasing decisions and avoid stockouts.

- **Enhanced Customer Experience:** This platform isn't just about efficiency; it's about building stronger relationships with our distributors. By providing a seamless and transparent ordering process, detailed order tracking, and comprehensive transaction information, we're fostering trust and loyalty.
- To illustrate the platform's capabilities, we've prepared a short video demonstration.

2. Artificial Intelligence: The Future of Sales

- **Assisted Selling:** We're at the forefront of integrating AI into our digital sales processes while assisting our distributors, technicians, and consumers in selecting the optimal product(s) using generative artificial intelligence models:

Our AI-powered sales assistant provides our sales team with real-time customer insights, suggesting personalized product recommendations and optimizing sales strategies.

This has led to a significant increase in lead conversion rates and a growth in average deal size.

By automating routine tasks, our sales team can focus on building relationships and closing deals, leading to an improvement in sales productivity.

Looking Ahead into our Accelerated Digital Transformation

- Upcoming Launches:

We're on track to launch our B2B2C platform by the end of the year. This platform will extend our reach directly to consumers, creating new revenue streams and strengthening our brand presence in the market via our actual distributors' ecosystem.

We are introducing Bebbia 3.0 and subsequent versions, the latest version of our subscriber portal and application with a streamlined user account management complete with IoT water sensors data. This upgrade will enable us to offer personalized customer interactions while attending to our customers digitally.

- AI Integration Across the Organization:

We're committed to making AI an integral part of our operations across all departments with the use of Google Workspace and Gemini laying the foundation for increased collaboration and efficiency.

To empower our team to effectively utilize AI, we're investing in comprehensive training programs for tools like Google Vertex AI, CORTEX, and others.

Our commitment to business digitalization is not just about adopting new technologies; it's about transforming how we work, engage with customers, drive growth, and monetize our technology investments with the objective of generating new revenue streams. These advancements are positioning us for continued success in an increasingly digital world.

Now, I'd like to pass it over to Andrés, who will provide a detailed overview of our financial performance.

Andrés:

Thank you, Stephane. It's a pleasure to be with all of you at my first Agua Day, having completed my first three months at Rotoplas.

To begin, I'd like to reflect on a couple of significant macroeconomic events from the past few years—events we didn't fully anticipate that have shifted us from our initial plan—and then highlight what we've observed in 2024.

Over the past years, we've seen the following:

- In 2020: A record year in sales, driven by the pandemic, as people stayed home and experienced increased demand for water storage solutions.
- During 2021: Challenges arose due to supply chain disruptions and rising raw material costs, impacting operations.
- 2022: Another record year, this time fueled by severe drought conditions in northeastern Mexico, which intensify demand for our solutions.

- 2023: This year presented macroeconomic, political, and climatic challenges across several countries. Additionally, the strength of the Mexican peso, the so-called "super peso," impacted our international operations, when revenues were converted back into pesos.

Regarding our performance in 2024, broadly speaking, the first half of the year showed strong results in Mexico across both products and services, primarily driven by drought conditions. However, profitability was impacted by the poor performance in Argentina, where the severe economic recession and devaluation affected sales and our ability to absorb costs and expenses.

In the third quarter, Argentina's challenges persisted, but additionally, in Mexico, product growth decelerated due to increased rainfall. Our margins were impacted because expenses—primarily tied to digital initiatives—were not adjusted proportionally to sales performance, all while the Mexican peso depreciated following the elections.

Taking this into account, as we look ahead, our financial strategy for the coming quarters will focus on two key priorities:

1. First, reversing the EBITDA trend through cost and expense reductions. Here are some of the actions that we are taking:

- To begin with, many of the expenses related to our digital initiatives have already been fully executed this year. In 2025, we anticipate a significant reduction in these intensive costs. However, it's important to note that expenses will remain higher than pre-2024 levels as we continue transitioning from traditional practices to modern solutions.

For instance, while the cost of new solution licenses may increase certain expenses, automating processes within departments can yield savings that help partially offset these investments.

- Then, regarding SG&A, we made the difficult decision to carry out a staff reorganization during this fourth quarter. While this was not an easy choice, it was a necessary step to align our resources with our strategic objectives.

Additionally, we are implementing general expense reductions across all business units, striving for greater efficiency in every area—whether operational or administrative—while building a leaner organization.

2. The second priority is increasing free cash flow generation through working capital optimization and strict CapEx control. To achieve this:

- We plan to reduce inventories, particularly in Argentina as Fabiano mentioned
- Also, continue working on our accounts receivables, mostly in Mexico, by leveraging technology in our processes.

Regarding capital expenditures:

- We are prioritizing maintenance Capex to sustain current products performance and seize market opportunities, while discretionary Capex will require monthly approval under stricter criteria.
- For the services division, we have a "pay-as-you-grow" investment strategy, where the projects with the higher return will be the ones we will invest in.

These measures are expected to positively impact ROIC in the short-term.

The finance team's role will be to ensure these priorities are met, supporting the plans outlined by our regional CEOs, as well as the four strategic pillars that Charly discussed at the beginning of the presentation.

Considering these internal measures and external factors—such as climatic conditions that have made demand more difficult to predict—and acknowledging my short tenure with the team, we've decided to withdraw our guidance for 2025.

However, this decision does not signal a pessimistic outlook. On the contrary, we are cautiously optimistic on several fronts: a potential recovery in Argentina during 2025, growing momentum in our services business, and continued consolidation of our position in the products segment.

Before I hand the microphone over to José Luis, I'd like to acknowledge that we've fallen short compared to the guidance we've provided to the market over the past two years. We are committed to being more cautious and conservative and to gradually deliver results on the financial priorities I've just mentioned.

As a closing remark, I think it's worth mentioning that in recent years, we've invested a significant amount of Capex in updating our storage manufacturing processes in Mexico and in digital developments and business digitalization initiatives. We're now entering a phase of reduced investment in these areas, focusing on harvesting the value of our investments, it's time to start reaping the benefits.

We are convinced that we are in a great industry, with the right strategy, and the right team. By executing on our short-term financial priorities, we can achieve superior growth and profitability in the long term. We remain fully committed to generating value for our shareholders.

We appreciate your continued interest and encourage you to stay tuned to our company's progress in the coming quarters. Now, José Luis, the microphone is yours. Thanks for your attention.

José Luis:

Thank you, Andrés, and good day to everyone. I appreciate this opportunity to share our progress in sustainability and how we're creating value for our stakeholders—one of the four strategic priorities that Charly mentioned at the beginning.

First, I'd like to provide an update on our progress toward the six public goals across the dimensions of Profit, People, and Planet.

Starting with Profit:

- We have successfully evaluated over 75% of our critical level 1 suppliers and have launched engagement plans with five of them in Mexico. This marks a crucial step in ensuring our supply chain aligns with our sustainability objectives.
- Regarding our Net Promoter Score, we do not yet have the year-end figure. This year has been particularly challenging due to high demand during the drought period, which affected product availability and extended delivery times, especially in Mexico. However, we expect to meet the annual target as our User Experience Committees have implemented actions that have been well-received by customers. We anticipate having the final NPS figure in the first quarter of 2025.

Moving on to Planet:

- We are on track to achieve both our environmental goals: reducing CO₂ intensity per ton of resin processed and increasing the volume of water purified through our solutions.
- I'm pleased to announce that we have started using 100% solar renewable energy at four of our eleven plants in Mexico, reducing carbon dioxide equivalent emissions by four thousand four hundred tons. We are committed to extending this initiative in our remaining plants across the country by 2025.

In the People dimension:

- I am happy to inform you that we have reached our target of benefitting over 1 million people with access to sanitation in Latin America through our solutions.
- However, our goal of increasing the representation of women in our workforce has proven more challenging than anticipated. While significant progress has been made in administrative positions, we face obstacles in operations due to the physical demands of certain roles and the need to adapt our facilities to provide adequate services for women.
- Nonetheless, I want to commend the significant efforts of our Diversity and Inclusion Committee and the Gender Working Group, who are working diligently to improve the recruitment, retention and support of women within our organization.
- While we face challenges in increasing overall representation, I am pleased to report that in Mexico, our largest operation, above 30% of the workforce consists of women. We will continue to focus on expanding this across all levels and regions within our company.

Now, I'd like to highlight some of the most significant achievements of the year:

- Rotoplas published its first Environmental Product Declaration (EPD) for the Tinaco Plus+, providing a transparent and quantified assessment of the product's environmental footprint throughout its lifecycle. The EPD is essential for promoting sustainable decision-making by offering detailed insights into environmental impacts from material extraction to final disposal.
- Our emission reduction targets were approved by the Science Based Targets initiative, committing us to a 42% reduction in Scope 1 and 2 emissions and a 25% reduction in Scope 3 emissions by 2030. These targets align our climate action efforts with the Paris Agreement goals.
- In collaboration with J.P. Morgan, we published our Sustainable Development Impact Disclosure (SDID) Report, becoming the first company in Latin America and the second globally to disclose how our strategy aligns with the UN Sustainable

Development Goals. This milestone highlights our dedication to transparency and advancing global sustainability initiatives.

- We have developed an in-house environmental management system to automate the calculation of our greenhouse gas inventory for scopes 1 and 2 while also tracking key indicators such as water usage. This system significantly enhances our ability to monitor, manage and reduce our environmental impact.

Moreover, we remain committed to aligning with leading sustainability frameworks, including the **Global Reporting Initiative (GRI)**, the **Sustainability Accounting Standards Board (SASB)**, and the **Task Force on Climate-related Financial Disclosures (TCFD)**. Additionally, we complete the **Carbon Disclosure Project (CDP)** questionnaires and the **Corporate Sustainability Assessment** by S&P Ratings on an annual basis.

As shown in the table on the slide, we have improved our scores across the most important sustainability questionnaires and rating agencies in both 2023 and 2024. Furthermore, we are proud to be included in the **S&P Global Sustainability Yearbook**, ranking among the top five companies in our industry for sustainable practices.

Finally, I would like to conclude by highlighting the main initiatives we implemented to create value with our stakeholders as shown on the slide. From a conscious capitalism perspective, it is crucial for us to actively listen to our stakeholders and explore opportunities for more effective collaboration.

Today, I would like to focus on two community-oriented projects in which we have had the privilege to participate—one independently and the other in partnership with companies and foundations:

- **#Rotogotas de Ayuda Campaign:** Through this initiative, we donated over 1,400 water tanks across seven Mexican states, benefiting more than 16,000 people affected by the extreme drought of 2024.
- **Escuelas con Agua Program:** In collaboration with the Coca-Cola Mexico Foundation, the eight bottlers of the Mexican Coca-Cola Industry, and Isla Urbana, we are installing rainwater harvesting systems in schools to provide sustainable water solutions. This initiative, which also incorporates IoT water meters into the systems, not only addresses immediate water needs but also educates the younger generation on sustainable practices and highlights Rotoplas' advancements in digitalization and technology.

In conclusion, we remain steadfast in our commitment to advancing sustainability goals and creating value for all our stakeholders. While challenges lie ahead, we are confident that, with the dedication of our team and the support of our partners, we can drive meaningful and lasting change.

Thank you for your attention, and I look forward to your questions.

Carlos Rojas:

Thank you, José Luis. Before we open the floor for questions, I'd like to take a moment to express my gratitude to the team for their contributions to today's event. Each presentation showcased the dedication and vision that continue to drive Rotoplas forward.

Here are the five key takeaways I'd like you to leave with:

1. We are strengthening our traditional business with innovation and efficiency.
2. Our growing services platform is unlocking new opportunities across the water cycle.
3. Digital transformation is enhancing how we operate and connect with customers.
4. Prior investments are expected to start delivering visible results, leading to improved cash flow and enhanced ROIC.
5. Sustainability continues to guide every decision, creating meaningful impact for all stakeholders.

Together, we are building a stronger, more sustainable future for Rotoplas. With that, I'll hand it over to Dani to open the floor for your questions. Thank you for your time and trust in us.

Operator: Thank you, Carlos. We will now conduct the 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. Write your question down along with your full name and the name of your company, please.

Our first question is for Susana Barroso coming from Miguel Medina. How do you reconcile national water plan targets with a 40% cut in CONAGUA's budget for 2025?

Susana Barroso (Keynote Speaker): Thank you for your question. The first challenge facing the government of Claudia Sheinbaum, in terms of water, is to achieve planning for short and medium terms that is sustainable with the infrastructure that exists today. She is predicting that in 2025, it will be a year of planning and investment in terms of creating diagnosis. And with this, she considers that there is a very high resource. It's not required for CONAGUA. And she is also adding the objective of digitalizing and simplifying procedures, which she hopes to streamline the administration. So 2025 is a year for planning. She also foresees that if more resources are required, she can use money from programs and direct federal investments. And also, the reality is that she has a very large and complex challenge in terms of budget overall. Therefore, we believe that she will seek to add support from the private sector to balance the reduction of the resource.

Operator: Thank you, Susana. Our second question also comes from Miguel Medina, and it's a two part question. So bear with me. Regarding Argentina. It seems that the macro picture including inflation, public deficit, country risk premiums, etc. is better than expected. When will this translate into a recovery in activity? Fabiano mentioned that Q3 was better than Q2. Will that be the case for Q4 as well? And the second part of the question is, are there any plans to make Argentina a more open economy? Considering risks for your operations in Argentina, for example, imports? Thank you.

Carlos Rojas Aboumrad (CEO): Andrés, would you like to start? You just visited Argentina.

Andrés Pliego (CFO): Yeah, sure. As you mentioned, Miguel, the macro backdrop is, significantly improving. And the optimism in general is seen in the streets. I was there last week, and you can see that. So we're, as I mentioned, cautiously optimistic in a potential recovery for 2025. Q4, however, has been very similar to Q3. We didn't see the improvements of the Q2 to Q3 transposed to Q4, primarily due to construction. I mean, construction in general hasn't really restart or rebound. So we expect that to happen at some point next year. Uh, with openness in the consumer credit, especially mortgages. So we do expect a positive environment, in 2025. And as to the second part of the question, we do think that the openness of the economy, it opens up a big opportunity for us, being much more efficient and also benefit of imports as well within our production lines. Um, probably Fabiano, you can complement what we're doing in that area.

Joseph Vesey (CEO of Acuantia US): Sure. Andrés, thank you so much for your question, Miguel. We are working very hard to improve local efficiency, as I mentioned, and we are working to incorporate products, take advantage of this economic open. And I'm confident that we can take advantage of our footprint in the country and leverage our three brands in Argentina. I don't know, Charlie, if you can complement something.

Carlos Rojas Aboumrad (CEO): Um, yes, I think, first on the on the first part of the question, it is difficult to foresee when we will have the rebound. It's been an interesting process for budgeting for next year for us. Every time we look at our assumptions, they have changed by the next month. And so it's a market where we have to be very close to, and react very quickly. So agility is very important in Argentina. Also, like Fabiano mentioned, what's going to be key is efficiency for anyone that is manufacturing in Argentina. Now we do also see great opportunity for growth in Argentina. Argentina has been a country where we've been having strong power with the distribution channel, and we have very good understanding of customer needs. We'd love to increase product portfolio in Argentina, before, with the capital investments that were needed, we would be much more cautious. Um, going forward with imports being feasible, we'd also like to take advantage of that opportunity. So we are looking for opportunities for increasing product portfolio through imports. So both, efficiency and being promoters of the trading and the opening of the borders is something that we're going to be focusing on. That would be. Thank you.

Do you want to take the next question?

Operator: Yeah. No problem. Our next question comes from Martin Lara at Miranda Global Research. Good morning and thank you for the presentation. Could you please talk about the performance that we could be expecting from Mexican operations during the fourth quarter of 24? And what should we see in 2025?

Carlos Rojas Aboumrad (CEO): You know, I'd like to take the opportunity to have Gonzalo on this call to see if he wants to start with any comments.

Gonzalo Uribe (CEO for Mexico and Central America): Sure, Charlie.

Um, uh, fourth quarter, we're not going to talk about the specific numbers right now, in 25, we believe that, we're going to see a growth, especially in services. We're very optimistic

that services will continue to grow at a lot higher rates than we're doing in products. And in products, I think that new products will begin to take off, and we will see that in revenue. We have a big compare versus first half of the year. But throughout the year, because the first half of 24 was really strong in products. But we're hoping to have a good year in Mexico product.

Andrés Pliego (CFO): And probably complement that we're sticking to the fourth quarter guidance that we that we gave in last October. So, that's about the fourth quarter.

Operator: Great. If there are no more follow ups, I'll keep going with the questions.

Carlos Rojas Aboumrad (CEO): Please do.

Operator: Perfect. Our next question comes from Regina Carrillo at GBM. This is specifically for Andrés. Are there any details or color you can give us on the financial priorities, for example, by how much or to what amount will digital expenses decrease and how much will the staff restructuring save and cost in 2025? What are your FCF yield or level expectations after optimization strategies are applied? That's the first part of the question. And then the second part is regarding the CapEx cherry picking strategy. Is this a 2025 strategy or should we expect it for the next few years? What amount of that maintenance and growth CapEx should we be expecting in this period?

Andrés Pliego (CFO): Thank you, Regina, for your question. On specifics. I mean, we're finalizing the budget for next year. So, I couldn't tell on specifics. But what we can say is that we're seeing a reduced, SG&A in many lines or only increasing slightly by single digits. Particularly the restructuring that we did, will yield a significant benefit next year. I mean, we unfortunately more than 100 people had to leave the company last month, so that will yield a benefit in SG&A for sure. And then, regarding CapEx, we will be I mean, we do expect to generate cash flow, obviously, but we will be very strict or very analytical about capital allocation. We do expect to invest for sure, but we want to invest in the projects that yield the best results. So we will be analyzing, I would say, on a, on a monthly basis or more, the CapEx initiatives and, and invest in the ones that make the most sense. So that's what we, what I can say at this point.

Carlos Rojas Aboumrad (CEO): Just let me complement there. Rotoplas has been a company that has invested very intensively over the last decade. Since we did the IPO and then, issued debt, we have invested in developing a company that would transition from products, just very successful products, you know, a much smaller portfolio in a very, constrained geographical area. And we've grown the possibility of the company through this investment over the last decade. It was very intensive investment. And, what we're saying is that going forward is not going to be just a one year transition. I think it will be a much longer period where Rotoplas will be having much lower investments with higher returns on invested capital. So, as we have a rebound in some of our operations, like Argentina, and then we have efficiencies both in expenses and the reduction in investments, we do expect that our ROIC will rebound in a very important way and will remain there for a long period of time. So, as you know, we're a company that has been focusing on having a value creation position of having return on invested capital above WACC, because of this year's results, mainly in Argentina, that has not been the case as we reported on our last quarter. But, we do see that it's a moment for that break to be driven upwards in a very significant way for a long period of time. Thank you for your question, Regina.

Operator: Thank you guys. Our next question comes from Marina Caraza at Miranda Partners. Are you considering entering any new markets during 2025?

Carlos Rojas Aboumrad (CEO): No. We do have a strong focus on developing the US market. So the US offers a very important opportunity, because it's such a large market, and it is still a small business for Rotoplas. So what I can say about new markets is that we will focus on one that is newer to us, which is the US. Thank you for your question, Marina.

Operator: We actually have another one from Marina. Which is, what advantages does Rotoplas gain from publishing the EPD (environmental disclaimer) for the Tinaco Plus+?

Carlos Rojas Aboumrad (CEO): Um, that's an interesting question. Yeah. Well, we first do this out of conviction. Being congruent with our strategy and what we stand for. We do think, in Rotoplas, that it is aligned to our strategy, having an impact on the environment and doing business. It's something that we've done for now, a long period of time, and we've validated over and over. It is a business that we see that as we have opportunities in environmental sustainability, there's more need for our products and that generates demand for us. So I do see a benefit, from the market, from our customers. And obviously doing this, it is not something that we do, with less competitive advantages. These kind of practices also improve our costs, and so, as we've mentioned in the past, in our strategy, as we become more efficient, we also have more sustainability impact. So we see a good opportunity for maintaining our market share, which is a leading market share in Mexico and in other countries, and while doing that, generating a positive impact for the environment. José Luis, is there anything else that you'd like to add?

José Luis Mantecón (Chief Sustainability Officer): Well, basically, what we believe is that the EPD gives Rotoplas access to new markets with high environmental standards. It differentiates our product from the competition and promotes sustainable innovation by identifying opportunities to reduce environmental impact. These benefits are key to growth and long term value creation. That's what we believe.

Carlos Rojas Aboumrad (CEO): Thank you José Luis.

José Luis Mantecón (Chief Sustainability Officer): Thank you, Marina, for your question.

Operator: Thank you. Our next question comes from Sofía Martin at GBM. Hi. Thanks for taking my question regarding *bebbia*. Until when should we expect the company to prioritize accelerated growth over profitability? When can we expect a break even for this business line?

Carlos Rojas Aboumrad (CEO): Hello, Sofia. Thanks for your question. I think that, we're having very positive results in *bebbia*. Investment in *bebbia*, as it would be considered negative cash flows, they continue to be reduced, even though we're continuing to have accelerated growth. So *bebbia*, as we've commented before, would be at a breakeven or profitable position today if we reduce growth. Like you mentioned, until when would we prioritize growth? I think we should prioritize as long as we can have access to that market that wants to transition from bottled water to *bebbia*. We either take those customers or competition would. And I think that it's such a sticky solution that, you retain customers in a very big way. So, market share, this is the opportunity to take the market share, so we would continue to prioritize as long as there's market available. And, again, the business as it grows

is generating now more and more profits from the existing customer base so that the investment requirement is lower and lower, by next year, is very small, I can tell you that. It wouldn't be something that would be impacting Rotoplas's general or company wide results in a significant way. Andrés is anything else that you'd like to compliment?

Andrés Pliego (CFO): No, no, I mean, as Gonzalo mentioned, we are prioritizing growth over profitability. But if we wanted it, we could be profitable at any time. But yeah, I agree with you Charlie.

Carlos Rojas Aboumrad (CEO): Next question.

Operator: Thank you. It's also from Sofia regarding the US operations. Can you give us more color on what simplifying the operations is going to mean for you?

Carlos Rojas Aboumrad (CEO): I'm not clear on the question. Joe or Andrés.

Operator: I believe Joe mentioned something on simplification. And so maybe, Joe, you could take this one.

Carlos Rojas Aboumrad (CEO): Yeah, on de septics business. Do you want to go ahead Joe?

Joseph Vesey (CEO of Acuantia US): Yeah, sure. Thanks, Charlie. And thanks for the question. Yeah, we've been trying to simplify the US business on a lot of different areas, actually. But a couple of examples of that would be our septics business to start with, where we were more broadly serving the US market and will refocus that business in Texas, where we have critical mass across other elements of our business. In terms of how we go to market. And so it's a simpler way. And Texas happens to be a very large septics and advanced treatment unit market as well. So we like the refocus and the positioning of septics in a geographic sense. I'd say that's number one. Number two is we've applied an 80/20. If you're familiar with that analysis. And the 80/20 analysis really shows where do you really get the biggest bang for the buck in terms of focus to drive revenue or profitability, and it was very clear for us around the segments of customers that are driving 80% plus of our revenue. And so we've really focused on those customers, more B2B customers that really drive the revenue for us. And the third area I would say in, you know, across our branch operations, we've done a lot of lean practices. We've implemented standard work, we've taken waste out of our processes, and we've seen the results of operating those branch units in a much more simple and repeatable way. So those are three examples of what we mean by simplicity and focus. As I said, we've applied this in other parts of the business, but those are three good examples for you.

Operator: Thank you. Our next question comes from Felipe Barragan at BTG. Thanks for the event and for taking this question. This is obviously hard to predict, but on Argentina. Could you please give us a bit more color on when we can expect a margin recovery? It was noted that there would be a recovery in 2025. Just wanted to hear your thoughts on when the year or which part of the year you expect this recovery to come at, and what levels would you define this recovery to be at? As well?

Carlos Rojas Aboumrad (CEO): Andrés, would you like to start?

Andrés Pliego (CFO): Yeah, sure. Sure. Well, Felipe, I guess that's a big question that we're asking ourselves. The when, we know that there will be a recovery for sure, but the question is when. So yeah, I guess when, I mean, probably coming back from the summer time next year in early start of the year. We don't know. But yeah, probably the first half of next year is when we will start seeing the recovery. Hopefully. But yeah, honestly, we couldn't tell.

Carlos Rojas Aboumrad (CEO): Thank you for your question, Felipe.

Operator: Thank you. Our next question comes from Rodrigo Salazar at AM Advisors. Could you please elaborate on your US strategy in general, specifically, in which regions do you currently operate? Could you provide a bit more detail on the status for the septic business? How should we anticipate capital expenditures to be allocated in general? Um, for the e-commerce platform as well. It would also be helpful to gain a clearer understanding of the new strategy overall. Where do you expect growth to come from? Which key drivers will support it? And lastly, regarding profitability, could you expand on your expectations moving forward?

Carlos Rojas Aboumrad (CEO): Joe, do you want to take this one?

Joseph Vesey (CEO of Acuantia US): Yeah, sure. That's a great question, so thank you for that. Uh, stepping back, I'd say a couple of things. One, from a geographic point of view, although we are serving the broader US, clearly California, Texas and Florida are geographically some of our larger markets. Tons of headroom for growth. They're quite active as well in terms of construction and other drivers in our business. But that gives you some color. We broadly serve the US. We've got 14 branches across the US. But from a geographic point of view, those would be the real areas that will drive a lot of the revenue and the revenue growth. Around septic I mentioned earlier, that we refocused the septic business, to really give it some traction as it serves the market. I think a couple of things. One, we're having some good success. It's early. We're having some good success in Texas. Lots of room for growth there. So we don't need to look beyond Texas in the core right now, because there's plenty to serve in Texas again, along with our other assets from our business that are in Texas from a critical mass point of view. So we like that positioning. The second thing is, the approach to the market with a differentiated aerobic system. We're going to change, and we want to approach the market from a design engineer point of view and specify that differentiating technology, as opposed to trying to sell it more upstream through installers. And so that that approach I think will be will yield better results for us for sure. Third, on CapEx, I think the theme was already mentioned earlier. You know, we've deployed a lot of CapEx across verticals, across the broader company and in the US, and our approach is to get better returns and more returns from that CapEx that's been deployed. So that's really our focus, to ensure we are getting all of the returns we can. And as we see new opportunities, those opportunities will compete for that CapEx, along with all the other great opportunities across the company. So that's what I'd say in terms of some of the elements of that question.

Carlos Rojas Aboumrad (CEO): Thank you. And then there's the second part of the question, regarding the whole company. So I would just mention that for next year, any business that was having investments is going to be either generating an EBITDA or very close to breakeven. So that's an increase in EBITDA for all of the new businesses. Peru is a business that had challenging times in the last couple of years, and now it's been trending positively and we expect also growth from Peru. Argentina, we've talked plenty about. We

do see a recovery, we don't know the specific moment of when this will happen, but it will definitely happen. And, in Mexico, I think we've been investing in a lot of new products, for a long time. As you can remember, when we started flow, we increased, through innovation, our product portfolio in a very significant way. And these new products, you know, when they start, it's it's always a small base to when analyzing growth. But it's been growing. And so, now after a few years, it's starting to generate some impact. So we do see positive results on all businesses. And maybe with the question of when Argentina will start its recovery. But for the overall 2025 results, we do see growth across the board. Anything else Andrés, regarding that overall question?

Andrés Pliego (CFO): No, thank you.

Carlos Rojas Aboumrad (CEO): Thank you.

Operator: Great. We have a follow up question from Felipe Barragan at BTG on the e-commerce side. What mix of e-commerce based sales would you like to be at and from this? How have discussions played out with current distributors such as Home Depot or Walmart? Since I can imagine there should be some pushback from them as there is an increased competition.

Carlos Rojas Aboumrad (CEO): So, regarding e-commerce, we have two e-commerce initiatives. One is B2B. That is just to improve the experience of our distributors and, that I see, shifting from our traditional commercial practice to e-commerce in, you know, a vast majority of the cases. Regarding the e-commerce with the customers, we're doing this leveraging our distributors. So this is strategically, collaboratively done with our distributors. In terms of mix, this is still going to be very new to us, and we wouldn't be able to share that information. It is very innovative for our business. And for this kind of products, because, one particular thing about, some of our, a lot of our products is that they're very big. So e-commerce of this size of products is very innovative. Gonzalo, is there anything else that you'd like to comment?

Gonzalo Uribe (CEO for Mexico and Central America): Thank you. Charlie. We have seen a lot of excitement with our distributors, the ones that are going to be partnering with us in the e-commerce. We're going to partner with several distributors, depending on the area of the country. And they're very excited to work with us and also for us to work with them on their specific e-commerce, either to have a store in store or link to our assisted selling capabilities. So a lot is going to come from there. We're very optimistic there, in these partnerships.

Carlos Rojas Aboumrad (CEO): Thank you Felipe.

Operator: Thanks. Our next question comes from Jose Andrade. We know that climate change is posing multiple challenges. So could you talk about how you will make improvements on products to capture rainwater?

Carlos Rojas Aboumrad (CEO): I can talk a little bit about rainwater. It's a product that I'm super excited about. But it has to be done in a very different way. The way rainwater has been done in a lot of the places where it has been implemented. I mean, it doesn't really leverages the potential benefit because a lot of it is done without any purification of that water. So if you capture rainwater and you don't purify it, you end up trying to use it for

irrigation of a yard, which doesn't really make sense. It's raining. Like, who would water a garden when it's raining? or wash a patio or a parking lot?. So rainwater harvesting has to be purified. And once you purify it, then you can really use it for general consumption. And so I see tremendous potential for rainwater harvesting to have a transformational impact on how we use water. If it gets purified and mainly in Latin American markets where most homes already have some storage for water, like Rotoplas products, water tanks, then it's about pure capturing the water from the roof and putting it in those tanks through purification. So that's where we're innovating. Now this has to be done with services. And, so to have this done at scale, Rotoplas really had to, develop all of the capabilities we've been developing for *bebbia*. So being able to service homes in hundreds of thousands or millions of homes per year. And so I think we've developed, you know, the field services capabilities, the digital platform capabilities to connect with both the service providers and the customers, you know, to effectively be a platform. And so I see tremendous potential to, you know, start being part of the solution in terms of sustainable practices through rainwater harvesting and not having to pump water such long distances. Thank you for your question again.

Operator: Thank you. Our next question is a follow up from Miguel Medina. Can you remind us of your hedging policy in terms of raw materials? We have jumped from having a super peso to a weaker peso. So just wondering whether there's any hedging for 2025 that is too expensive at the moment.

Andrés Pliego (CFO): Yeah, sure Miguel. As a reminder, we do hedge raw materials, but only through the peso forwards. So it's a very plain vanilla forward for the whole year. This year we had a negative impact at the beginning of, sorry, a positive impact at the beginning of the year and, a negative impact at the beginning of the year, and now we're having a positive impact. So net this year we will end up, I mean, as of the third quarter, only \$7 million were impacted in the cost of sales. For 2025, it's very volatile at this point. We tapped the market for a small part of next year needs, before the Trump wining in November. So we tapped the market at I would say good levels, but right now it's very volatile, so we're sort of waiting and seeing what happens in the next couple of months to continue that strategy. But again, it's a very simple forward, plain vanilla, strategy.

Carlos Rojas Aboumrad (CEO): And, just by the way, we did an internal analysis to see what was the impact of this practice over the last ten years. And we realized that the impact is, it was very small, some years more positive, some years more negative. But it's basically just a strategy that gives the company stability so that we can bring that stability to the market and generate that benefit for our customers. It's a benefit that, you know, from a company with a brand recognition that Rotoplas has, customers appreciate to see that stability, from the offering from Rotoplas. Thank you for your question.

Operator: Thank you. And we have one last question from Felipe Barragan. In Mexico. What are your thoughts on the recent water plan proposed by President Claudia Sheinbaum and how that could impact your business? Are there any concerns on having slower water tank sales as a result of further water supply for domestic use, hindering the needs for water tanks or any color would be appreciated on this front.

Carlos Rojas Aboumrad (CEO): Thank you for your question. Gonzalo I'll ask you to please jump in here. But just generally, the water situation is one that needs to be attended. I think the country was extremely lucky to have as much rain as we got this year. It was, I mean, the most rain we've had in so many decades. And so, Mexico caught a big break there, but

it's very clear that we're not out of the woods and that we need to make changes. And we're very happy to see that the authorities are very clear on this. And so, there is big interest in finding solutions that are sustainable, particularly from our current president, we appreciate that she is sustainability conscious and that she will continue to promote solutions, but also likely solutions that are sustainable, that align very well to our offerings. Gonzalo, maybe you can share a little bit more detail.

Gonzalo Uribe (CEO for Mexico and Central America): Yes. Thank you Charlie. We're seeing, interest from government agencies to clean up, for instance the Atoyac River in Tlaxcala and in Puebla. That means the rehabilitation of several water treatment plants. When she was a governor in Mexico City, we did close to 90,000 systems for rain harvesting. So, in her new policy, she's interested in promoting or continue to promote rain harvesting. As Charlie said, she's very environmental conscious. So we think there will be more opportunities in our industry with this new government, especially because they understand today, a lot better, the crisis that we had in Mexico City. And I don't think, they want these problems going forward. No. So there will be more programs with this type of initiatives .

Carlos Rojas Aboumrad (CEO): Thank you Gonzalo. Dani, would you like to close?

Operator: Yeah. Of course. That concludes our Q&A session. If we didn't get to your question today, please feel free to reach out to our Investor Relations team, who will be happy to assist you. We'd like to take this opportunity to thank all our speakers once again for their valuable contributions and all of you for joining us virtually today. As a token of our appreciation, we are pleased to offer everyone on this call a 12-month subscription to *bebbia* with a 30% discount when you subscribe using the code AGUADAY24. For more information, please visit bebbia.com, and don't hesitate to contact us if you have any further questions. We sincerely appreciate your interest in Rotoplas and look forward to connecting with you again soon. This concludes today's event. You may now disconnect.

Carlos Rojas Aboumrad (CEO): Thank you everyone.