

Mexico City, April 26th, 2023.

Grupo Rotoplas S.A.B. de C.V. (BMV: AGUA*) (“Rotoplas”, “the Company”), America’s leading company in water solutions, reports its unaudited first quarter 2023 results. The information has been prepared in accordance with the International Financial Reporting Standards (IFRS).

Figures are expressed in millions of Mexican pesos.

HIGHLIGHTS | 1Q23 vs 1Q22

- Rotoplas reported net sales of Ps. 2,746 million during the quarter, an increase of 3.2%, driven by the commercialization of products and services in Mexico. Operating margins improved on a sequential and year-over-year basis, reaching an all-time record high gross margin.

The strength of the Mexican peso against other currencies affected consolidated growth. Taking the 2022 exchange rate, and isolating the effect of devaluation in Argentina, net sales growth would have been 7.9%.

- **Product sales** increased by 1.4%, driven mainly by the water flow and improvement categories in Mexico, Argentina, and Peru.
- **Service sales** increased 54.1%, due to the recovery in water treatment and recycling plants, as well as the continued growth of *bebbia*.
- **Gross margin** closed at 47.7%, an expansion of 750 bps as a result of an efficient competitive pricing strategy, as well as a decrease in raw material costs.
- **Operating income** reached Ps. 438 million, 97.3% higher than in 1Q22. Even with the recognition of Ps. 86 million of expenses related to the development of new businesses, operating expenses grew in line with sales.
- **EBITDA** increased 71.9% to Ps. 553 million. The margin expanded by 800 bps to 20.1%, as a result of the improvement in gross margin and efficient expense management.
- **Net income** was Ps. 37 million, 58.4% lower than in 1Q22, due to higher financial expenses related to a loss of Ps. 252 million from the mark-to-market valuation of foreign exchange hedging instruments.
- **ROIC** closed at 16.1%, 410 bps above the cost of capital, a figure higher than the earnings guidance.
- In March, Grupo Rotoplas launched the call for "*a fluir 2023*" in partnership with UNDP, with the aim of supporting rainwater harvesting projects in urban and rural areas in vulnerable situations through donations.
- Grupo Rotoplas was included in the *S&P Global Sustainability Yearbook* for the second consecutive year, as one of the top 8 best ranked companies in the industry, being the only Latin American company.

KEY FIGURES | FINANCIAL DATA

		1Q		
		2023	2022	%Δ
Income Statement	Net Sales	2,746	2,660	3.2%
	<i>% gross margin</i>	47.7%	40.2%	750 bp
	Operating Income	438	222	97.3%
	<i>% margin</i>	16.0%	8.4%	760 bp
	EBITDA	553	322	71.9%
	<i>% margin</i>	20.1%	12.1%	800 bp
	Net Income	37	88	(58.4%)
	<i>% margin</i>	1.3%	3.3%	(200) bp
Balance Sheet	Cash and Cash Equivalents	682	1,443	(52.7%)
	Total Debt	4,146	4,094	1.3%
	Net Debt	3,464	2,650	30.7%
Cash Flow	Free cash flow (FCF) ¹	1	(60)	NM
	CapEx	110	129	(15.1%)
	Working Capital	(264)	(309)	(14.7%)
Others	Net Debt / EBITDA	1.6 x	1.6 x	0.0 x
	ROIC	16.1%	13.1%	300 bp
	Cash Conversion Cycle	86	74	12 days

KEY FIGURES | 1Q23

3,270

Employees

+32,000

Sales points

3.1%

Government transactions

+5,240

e-commerce clients

+92,000

bebbia users

5.8 million

20L water jugs saved

¹ Free cash flow: EBITDA - Interest paid and interest payable - Taxes - Working capital - Capex. EBITDA and interest are taken from the Income Statement, and the other concepts are taken from the Cash Flow Statement

MESSAGE | CEO

Dear Investors,

During the quarter, we achieved a significant expansion in margins and improved operating profitability, driving economic value creation with a 200 bps increase in ROIC to achieve 16.1%. Nevertheless, we faced challenges in demand in some countries due to lower economic activity.

I would like to highlight the effect of the "*super peso*" on our consolidated results, both in terms of growth and net income. Excluding this effect, net income growth for the quarter would have been 7.9%, compared to the 3.2% reported. In addition, as part of our Risk Strategy, we contract an annual MXN/USD exchange rate hedge to cover budgeted costs and expenses. On this occasion, the valuation of this financial instrument increased financial expenses, which in turn impacted the net result.

It is worth mentioning that our competitive pricing strategy, coupled with our cost and expense control, have consistently yielded positive results. Moreover, the services platform grew for the second consecutive quarter, driven by regained momentum in the water treatment and recycling plant contracts, as well as the growth of *bebbia* and the development of *riego*.

Regarding operations in the United States, sales were affected by the change in the digital platform, which generated operational difficulties and caused us to lose our growth momentum. Additionally, record levels of snow and rain in some states decreased the demand for water tanks. The operational issues have now been resolved, and we continue to see strong potential for our storage solutions and septic tank businesses.

Throughout 2023, we remain committed to upgrading our traditional business in Mexico, in order to maintain our financial strength and keep up with investments in new businesses. We will also maintain a targeted commercial policy by channel and product, always safeguarding our margins to strike the optimal balance between growth and profitability.

We expect to close the year with sales growth equal to or above 10%, despite the strength of the Mexican peso. We are excited to continue working to provide access and sanitation to more people, while generating economic value for our investors.



Carlos Rojas Aboumrad

INVITE | EARNINGS CALL

Thursday, April 27th, 10:00am Mexico City Time (12:00pm, EST)

Speakers: Carlos Rojas Aboumrad (CEO) and Mario Romero Orozco (CFO)

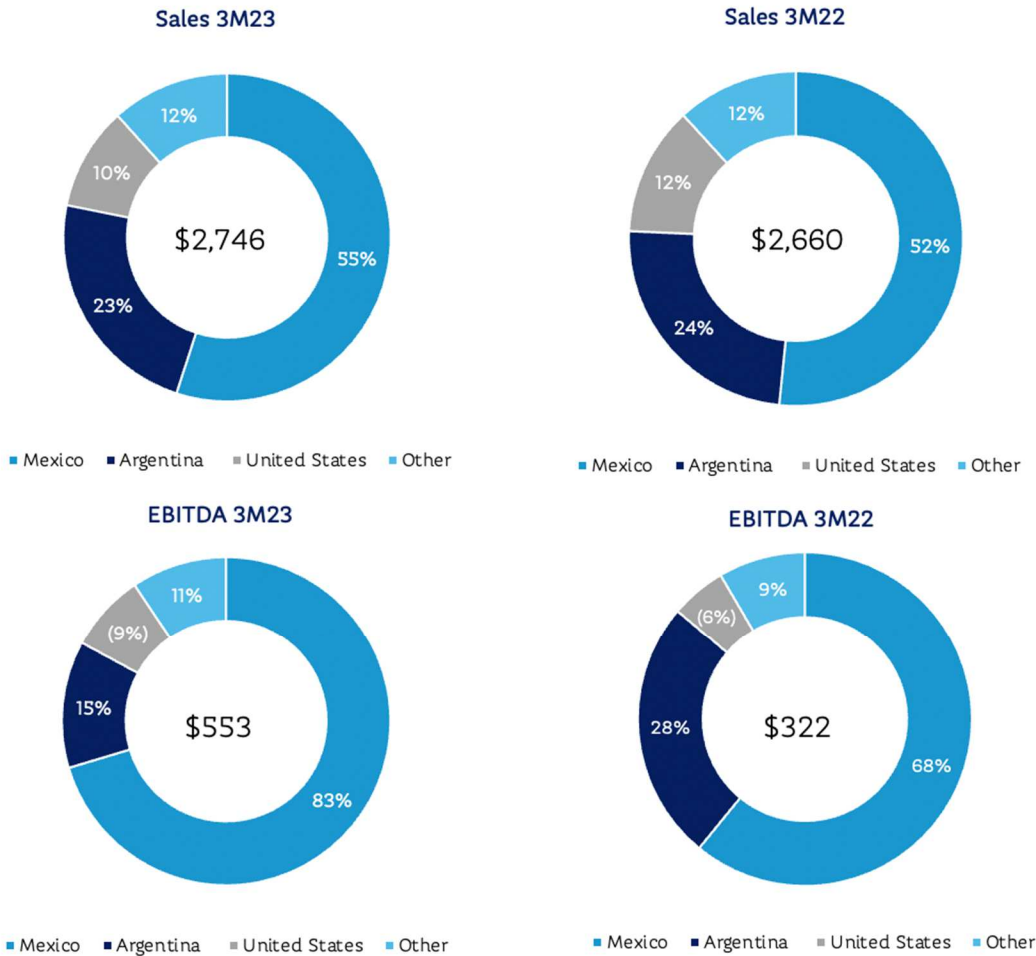
Link: https://rotoplas.zoom.us/webinar/register/WN_FkSNE5QTR3Gbs9TMI7aWKA

GUIDANCE | 2023-2025

	Metric	2023 Guidance	2023 Revised Guidance	Objectives 2025
Guidance	Increase in net sales	> 15%	≥10%	≥2x sales (vs 2020)
	Adjusted EBITDA Margin	16.0% - 17.0%	16.0% - 17.0%	≥ 20%
	Net Debt / Adj. EBITDA	< 2.0x	< 2.0x	≤ 2.0x
	ROIC	ROIC = WACC + 150 bp	ROIC = WACC + 150 bp	~ 20%

SALES AND EBITDA | BY REGION AND SOLUTION

		1Q		
		2023	2022	%Δ
Mexico	Sales	1,510	1,372	10.0%
	EBITDA	460	220	NM
	% Margin	30.5%	16.0%	1,450 bp
Argentina	Sales	636	641	(0.8%)
	EBITDA	82	91	(10.3%)
	% Margin	12.9%	14.2%	(130) bp
United States	Sales	280	332	(15.9%)
	EBITDA	(50)	(19)	NM
	% Margin	(18.0%)	(5.8%)	NM
Others	Sales	320	314	2.1%
	EBITDA	62	30	NM
	% Margin	19.2%	9.7%	950 bp
		1Q		
		2023	2022	%Δ
Products	Sales	2,603	2,567	1.4%
	EBITDA	599	392	52.8%
	% Margin	23.0%	15.3%	770 bp
Services	Sales	143	93	54.1%
	EBITDA	(46)	(70)	(34.9%)
	% Margin	(32.0%)	(75.7%)	NM



Mexico

In 1Q23, **net sales** increased 10.0%, driven by the strong performance of both products and services. **Product** sales were driven by double-digit growth in both water flow and improvement. In addition, a successful commercial strategy was implemented to drive the penetration of new specialty tubing products. Storage remained stable.

Likewise, **service** sales increased due to the recovery of traction in water treatment and recycling plants, the accelerated growth of *bebbia*, and the development of *rieggo*.

EBITDA for the quarter was Ps. 460 million, an increase of 2.1x compared to 1Q22. This is due to the commercial policy focused on maintaining a healthy margin, as well as a benefit in raw material costs. Additionally, the services platform reduced its loss, driving a 1,450 bp margin expansion, which reached 30.5%.

During the quarter, the Leon plant was enabled to manufacture Tinaco Plus+, joining the Monterrey and Pacifico plants in the adoption of SMART technology. It is worth mentioning that Tinaco+ Plus has had good acceptance since its launch.

Argentina

Net sales decreased 0.8% in Mexican pesos, despite a 97.8% growth in local currency, due to the combination of a devaluation of the Argentine peso and a strengthening of the Mexican peso against the U.S. dollar.

Growth in local currency was mainly driven by price increases; however, the storage and improvement categories also showed volume growth.

EBITDA margin closed at 12.9%, a contraction of 130 bp due to higher expenses. The benefits of lower raw material prices have not yet been fully recognized in Argentina due to a lag between the purchase of materials and cost recognition.

NOTE: Adoption of IAS 29, Financial Reporting in Hyperinflationary Economies.

Due to Argentina experiencing inflation above 100% in the last three years, it is considered a hyperinflationary economy. In accordance with IAS 29, an adjustment for inflation has been made to the Financial Statements to consider changes in purchasing power.

International Accounting Standard (IAS) 29, Financial Information in Hyperinflationary Economies establishes that the results of operations in Argentina should be reported as if they were hyperinflationary as of January 1st, 2018. Moreover, an adjustment for inflation in the Financial Statements should be made to account for the change in the purchasing power of the local currency.

As a result of the above, in the first quarter of 2023, the impact of the restatement resulted in an increase of Ps. 60 million in financial expenses, negatively impacting the Comprehensive Financing Result. After considering taxes, the impact on net income amounted to Ps. 70 million.

United States

Net sales in the quarter decreased 15.9% in Mexican pesos and 7.7% in US dollars. This decrease was due to two factors: an operational disruption in the digital platform during an upgrade, and lower demand for storage tanks, especially in western states, such as California, due to heavy rains and weather events that increased water levels in the region.

EBITDA was negative Ps. 50 million in the quarter. This was a result of the expenses incurred in the development of the septic business and the technology-related expenses for the upgrade of the e-commerce platform.

Other countries

Net sales in other countries (Peru, Guatemala, El Salvador, Costa Rica, Honduras, Nicaragua, and Brazil) increased 2.1% compared to the same quarter of 2022.

Despite the political instability in **Peru**, sales increased, driven mainly by the improvement category, with solid demand for heaters.

Central America had a decrease in sales in Mexican pesos, but growth in local currency. This increase was mainly due to the commercial strategy of price adjustments to stimulate demand.

In **Brazil**, the water treatment and recycling plants project portfolio continues to show good traction. The operation is also benefiting from new legislation, which promotes the migration from a state-owned to a private water model.

The **EBITDA margin** from other countries experienced a significant increase, reaching 19.2%, compared to the 9.7% recorded in the same period of the previous year. This expansion of 950 bp was due to the reduction in raw material costs, disciplined cost control, and better performance from Brazil, which is generating greater scale.

ANALYSIS | COSTS AND EXPENSES

Gross Profit

Gross profit increased 22.8% and margin expanded 750 bps to 47.7%, a record high in Rotoplas' history. This margin improvement is due to an efficient price adjustment strategy to keep prices competitive, coupled with lower raw material costs.

Operating Income

Operating income reached Ps. 438 million in the quarter, an increase of 97.3% vs. 1Q22. Operating margin expanded 760 bp to 16.0%. The expansion, which was higher than the increase in gross margin, was due to better expense management, which, despite the recognition of Ps. 86 million related to the development of new businesses, grew in line with sales.

Comprehensive Financing Result

The **comprehensive financing result** for 1Q23 resulted in an expense of Ps. 411 million compared to an expense of Ps. 155 million in the same period of 2022. The expense includes Ps. 90 million for interest on debt, commissions and leases, Ps. 252 million for valuation of financial instruments and Ps. 69 million for foreign exchange losses and inflationary effects in Argentina.

Net Result

Net profit was Ps. 37 million, a decrease of 58.4% compared to Ps. 88 million in the same quarter of the previous year. The main factor behind this decrease was an impact of Ps. 252 million in financial expenses due to the mark-to-market valuation of foreign exchange hedging instruments in light of the strength of the Mexican peso compared to the U.S. dollar.

CapEx

	3M				
	2023	%	2022	%	%Δ
Mexico	102	93%	93	72%	9.8%
Argentina	1	1%	10	8%	(85.9%)
United States	5	4%	3	2%	48.1%
Others	2	2%	24	18%	(91.4%)
Total	110	100%	129	100%	(15.1%)

Capital investments represented 4.0% of sales during the quarter, a decrease of 15.1% compared to the same quarter of the previous year.

Capital investments include:

- Ps. 91 million invested in new technology to produce storage solutions and in machinery to increase production capacity in Mexico. These investments are part of the plan to maintain the sustainability of the business in the long term.
- Ps. 2 million for water treatment plants in Mexico and Ps. 2 million in Brazil, representing 4% of total CapEx.
- CapEx related to *Flow* program growth initiatives amounted to Ps. 82 million.

ANALYSIS | BALANCE SHEET

Cash Conversion Cycle (Days)

	3M		Δ days
	2023	2022	
Inventory Days	92	88	4
Accounts Receivable Days	78	75	3
Accounts Payable Days	84	89	(5)
Cash Conversion Cycle	86	74	12

Inventory Days: Average Inventory / (3M Cost of Sales / 90)

Accounts Receivable Days: Average Accounts Receivable / (3M Sales / 90)

Accounts Payable Days: Average Suppliers / (3M Cost of Sales / 90)

During the quarter, the **cash conversion cycle** increased by 12 days, due to the slowdown in sales volumes in some of the countries where we operate.

Debt

	3M		%Δ
	2023	2022	
Total Debt	4,146	4,094	1.3%
Short-term Debt	147	95	54.6%
Long-term Debt	3,999	3,998	0.0%
Cash and Cash Equivalents	682	1,443	(52.7%)
Net Debt	3,464	2,650	30.7%

Debt Maturity Profile

Total debt amounts to Ps. 4,146 million and corresponds to the AGUA 17-2X sustainable bond, as well as a working capital loan.

	Currency	Amount in MXN	Rate	Maturity
AGUA 17-2X Bond	Mexican Pesos	4,096	Fixed 8.65%	June 16 th , 2027
HSBC Working Capital Loan	Mexican Pesos	50	TIIE + 0.9%	April 28 th , 2023

FINANCIAL RATIOS

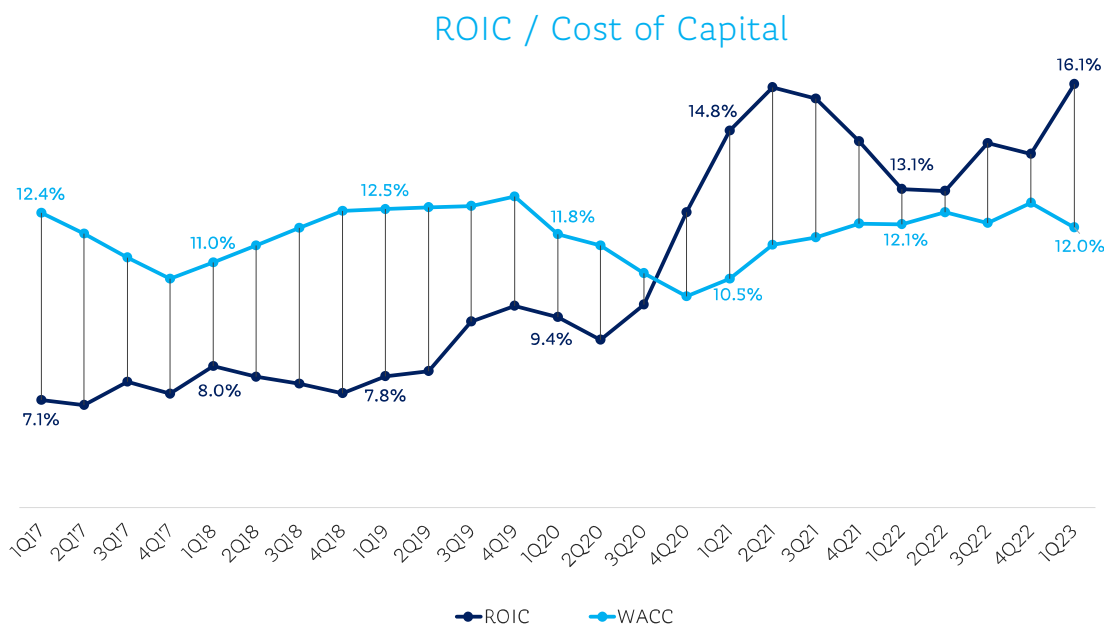
	3M		
	2023	2022	%Δ
Net Debt / Adjusted EBITDA	1.6 x	1.6 x	0.0 x
Interest coverage*	9.6 x	4.2 x	5.4 x
Total Liabilities / Total Stockholders' Equity	1.0 x	1.0 x	0.0 x
Net Earnings per Share**	0.08	0.18	(58.4%)

* EBITDA LTM/ net interest LTM

**Net income divided by 486.2 million shares, expressed in Mexican pesos.

Leverage as of the first quarter of 2023 was within the Company's debt guideline of 2.0x Net Debt/EBITDA.

The interest coverage ratio improved significantly, boosted by an operational improvement and interest income.



ROIC: NOPAT L12M/Average Invested Capital t, t-1

Invested Capital: Total Assets – Cash and Cash Equivalents – Short-Term Liabilities

ROIC excludes *Flow* program execution costs from 2Q20 to 4Q21 as they are one-off

ROIC reached 16.1%, an increase of 300 basis points compared to the same quarter of the previous year. Furthermore, it was 410 basis points above the cost of capital, which even registered a slight 10 basis-point decrease compared to the previous year.

Financial derivatives

The use of derivative financial instruments is governed by the recommendations and policies issued by the Board of Directors and supervised by the Audit Committee, which provides guidelines on the management of exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of excess liquidity.

As of March 31st, 2023, the market value of Grupo Rotoplas' position was:

		Market Value
Instrument	MXN/USD exchange rate forward	Ps. (202.4) million

ESG | ENVIRONMENTAL, SOCIAL AND GOVERNANCE

During the quarter, the following progress stands out within sustainable initiatives:

- Rotoplas was included in the [S&P Global Sustainability Yearbook](#) for the second consecutive year, as one of the top 8 companies with the highest ESG ratings in the industry, being the only Latin American company.
- Rotoplas was awarded the '[Company Committed the Inclusion of People with Disabilities in the Workplace](#)' Distinction by Éntrale, in recognition of its results in the Labor Inclusion Index for People with Disabilities 2022 and its continued commitment to promote inclusion within the Company.
- The national call was launched in partnership with the United Nations Development Programme (UNDP) for the "[a Fluir 2023](#)" program, aimed at benefiting municipalities with lack of access to water and sanitation, with a donation of up to Ps. 5 million in Rotoplas products and other support such as training and accompaniment.

<https://www.undp.org/es/mexico/convocatoria-fluir-2023>

- To foster an [inclusive culture](#), a series of activities were conducted, such as workshops to detect gender biases in the algorithms used in internal platforms, discussions on disability and family, and talks about children with disabilities. Furthermore, during the month of March commemorating International Women's Day, events like the talk "Transforming women's prisons in Mexico," the "Ponte los lentes" workshop on feminism, and the "Reprograma tus hábitos de amor propio" self-love habits workshop were organized.
- An update was carried out regarding Rotoplas' [Integrity, Anti-Corruption and Conflict of Interest Prevention Policy](#), in order to maintain a high standard of governance and transparency in all of the company's operations.

- Each month, internal information on sustainable topics is published. During the first quarter, the following topics were addressed: January focused on "What are ESG acronyms?", February focused on the Circular Economy, and March celebrated World Water Day.

In addition, as part of the Company's **social investment** efforts:

- A donation of biodigesters and water tanks was arranged for a pilot project in 8 homes in rural communities in Honduras, in collaboration with the organization Build Change. Additionally, two water tanks were donated to the Valle de Bravo General Hospital, which provides medical care for 6 thousand hospital emergencies per year.
- In Peru, in partnership with TECHO, 10 tanks were donated to help the victims of the Yaku cyclone. Additionally, workers were trained and construction materials were provided to assemble handwashing stations through the ASEO social responsibility program.

AGUA* | PERFORMANCE AND ANALYST COVERAGE

		1Q		
		2023	2022	%Δ
AGUA*	Closing price	27.58	25.34	8.8%
	P/BV	2.1 x	1.9 x	0.2 x
	EV/EBITDA	8.7x	10.3 x	(1.6) x

Source: SiBolsa

Treasury shares:

As of March 31st, 2023, the Company had 15.2 million shares in the treasury, equivalent to an invested amount of Ps. 494 million. As of the same date in 2022, it had 7.2 million shares and an invested amount of Ps. 182.7 million. Treasury shares have never been cancelled.

Analyst Coverage

As of March 31st, 2023, analyst coverage was provided by:

		Recommendation	PO
BTG Pactual	Felipe Barragán felipe.barragan@btgpactual.com	Buy	\$40.60
GBM	Regina Carrillo rcarrillo@gbm.com	Buy	\$50.00
SIGNUM	Alain Jaimes alain.jaimes@signumresearch.com	Buy	\$42.22
Miranda Research	Martín Lara / Marimar Torreblanca martin.lara@miranda-gr.com marimar.torreblanca@miranda-partners.com	Buy	\$45.00
Apalache	Jorge Plácido jorge.placido@apalache.mx	Buy	\$44.00
	Consensus	Buy	\$44.36

FINANCIAL STATEMENTS | Balance Sheet, Income Statement and Cash Flow

Income Statement

(unaudited figures in millions of Mexican pesos)

		1Q		
		2023	2022	%Δ
Income Statement	Net Sales	2,746	2,660	3.2%
	COGS	1,435	1,592	(9.9%)
	Gross Profit	1,311	1,068	22.8%
	<i>% margin</i>	<i>47.7%</i>	<i>40.2%</i>	<i>750 bp</i>
	Operating Expenses	873	846	3.2%
	Operating Income	438	222	97.3%
	<i>% margin</i>	<i>16.0%</i>	<i>8.4%</i>	<i>760 bp</i>
	Comp. Financing Result	(411)	(155)	NM
	Financial Income	31	41	(25.9%)
	Financial Expenses	(441)	(196)	NM
	Income Before Taxes	27	68	(59.9%)
	Taxes	(9)	(20)	(53.1%)
	Net Income	37	88	(58.4%)
	<i>% margin</i>	<i>1.3%</i>	<i>3.3%</i>	<i>(200) bp</i>
	EBITDA	553	322	71.9%
<i>% margin</i>	<i>20.1%</i>	<i>12.1%</i>	<i>800 bp</i>	

Balance Sheet (unaudited figures in millions of Mexican pesos)

		3M		
		2023	2022	%Δ
Balance Sheet	Cash and Cash Equivalents	682	1,443	(52.7%)
	Accounts Receivable	2,088	1,646	26.8%
	Inventory	1,420	1,565	(9.2%)
	Other Current Assets	694	811	(14.3%)
	Current Assets	4,884	5,465	(10.6%)
	Property, Plant and Equipment - Net	3,215	3,093	3.9%
	Other Long-term Assets	4,634	4,255	8.9%
	Total Assets	12,733	12,813	(0.6%)
	Short-term Debt	147	95	54.6%
	Suppliers	728	730	(0.3%)
	Other Accounts Payable	975	945	3.1%
	Short-term Liabilities	1,850	1,771	4.5%
	Long-term Debt	3,999	3,998	0.0%
	Other long-term Liabilities	609	571	6.6%
	Total Liabilities	6,458	6,341	1.8%
	Total Stockholders' Equity	6,276	6,472	(3.0%)
	Total Liabilities + Stockholders' Equity	12,733	12,813	(0.6%)

Cash Flow (unaudited figures in millions of Mexican pesos)

		3M		
		2023	2022	%Δ
Cash Flow	EBIT	438	222	97.3%
	Depreciation	113	100	13.3%
	Tax	(82)	(39)	NM
	Working Capital	(264)	(309)	(14.7%)
	Other	(70)	139	NM
	Operating Cash Flow	136	112	21.4%
	Operating Cash Flow Conversion (%)	30.7%	25.2%	550 bp
	Net Interest	(3)	(8)	(61.4%)
	Dividends	0	0	NM
	CapEx	(110)	(129)	(14.9%)
	Repurchase Fund	(13)	(87)	(84.9%)
	Mergers and Acquisitions	0	(0)	NM
	Short and Long-Term Debt	(270)	0	NM
	Leases	(9)	(12)	(28.4%)
	Other	278	(61)	NM
	Net Change in Cash	9	(185)	(105.1%)
	Initial Cash Balance	673	1,629	(58.7%)
Final Cash Balance	682	1,443	(52.7%)	

PRESS RELEASES | 1Q23

- Grupo Rotoplas regrets the passing of its board member Mr. Luis Fernando Reyes – March 17th
- Board of Directors approves Capital Reimbursement in cash – February 26th

For more information, please refer to the Relevant Events section on our website: <https://rotoplas.com/investors/press-releases/>

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- **Forward-Looking Statements**

This press release may include certain forward-looking statements relating to Grupo Rotoplas S.A.B. de C.V. It relies on considerations of the Grupo Rotoplas S.A.B. de C.V. management which are based on current and known information; however, the expectations could vary due to facts, circumstances, and events beyond the control of Grupo Rotoplas, S.A.B. de C.V.

- **About the Company**

Grupo Rotoplas S.A.B. de C.V. is America's leading provider of water solutions, including products and services for storing, piping, improving, treating, and recycling water. With over 40 years of experience in the industry and 18 plants throughout the Americas, Rotoplas is present in 14 countries and has a portfolio that includes 27 product lines, a services platform, and an e-commerce business. Grupo Rotoplas has been listed on the Mexican Stock Exchange (BMV) under the ticker "AGUA" since December 10th, 2014.

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