

Mexico City, April 23rd, 2024

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 2024 results. The information has been prepared in accordance with the International Financial Reporting Standards (IFRS).

Figures are expressed in millions of Mexican pesos.

HIGHLIGHTS | 1Q24 vs 1Q23

- During this quarter, we reported a record **gross margin** of 50.7%, the highest in the Company's history along with a 70 bps expansion in **EBITDA margin**. Additionally, **services** experienced significant growth, the **cash conversion cycle** was optimized by 56 days, and **net income** was 8.3 times greater than in the first quarter of 2023.
- Nonetheless, **Net sales** closed at Ps. 2,667 million, 2.9% below 1Q23, due to a complex economic and climatic environment in the various countries where we operate. Mexico and Central America had a solid performance in both sales and profitability; however, they were unable to offset the declines in other regions, exacerbated by the strength of the Mexican peso.

Taking the 2023 exchange rate, and isolating the effect of devaluation in Argentina, net sales growth would have been 1.0%.

- **Product sales** decreased by 6.1%, affected by weak demand, as well as adverse exchange rate effects, especially in Argentina, the United States, and Peru.
- **Service sales** increased by 56.2%, driven by the ongoing expansion of *bebbia* and the solid growth in RSA and *rieggio*.
- **Gross margin** closed at 50.7%, with an expansion of 300 bps. This result is due to an efficient pricing strategy, the reduction in raw material costs, and an increase in sales volumes of Tinaco Plus+ in Mexico, which has a lower average production cost.
- **Operating income** reached Ps. 421 million, a margin of 15.8%, a reduction of 20 basis points compared to 1Q23. This reduction is attributed to an increase in operating expenses, influenced by higher freight costs and the development of e-commerce, digitalization, and advertising initiatives for *bebbia* in Mexico, along with a slowdown in sales in certain markets.
- **EBITDA** remained stable, reaching Ps. 555 million. The margin expanded by 70 bps compared to 1Q23, reaching 20.8%.
- **Net income** closed at Ps. 304 million, an increase of 8.3 times compared to 1Q23, driven by a reduction in financial expenses.

Earnings Release 1Q24



- **ROIC** at the end of the quarter was 14.0%, decreasing by 210 basis points compared to 1Q23, due to the reduction in operating profitability and the increase in invested capital. However, ROIC remains 290 basis points above the cost of capital.
- The Net Debt/EBITDA **leverage** ratio closed at 1.7x, and the cash conversion cycle was optimized by 56 days due to an effective working capital management.
- During the period, **CapEx** reached Ps. 98 million, mainly directed towards updating the production process of storage solutions in Mexico.

KEY FIGURES | 1Q24 vs 1Q23

		1Q		
		2024	2023	%Δ
Income Statement	Net Sales	2,667	2,746	(2.9%)
	<i>% gross margin</i>	50.7%	47.7%	300 bps
	Operating Income	421	438	(4.0%)
	<i>% margin</i>	15.8%	16.0%	(20) bps
	EBITDA	555	553	0.4%
	<i>% margin</i>	20.8%	20.1%	70 bps
Neta Income		304	37	NM
	<i>% margen</i>	11.4%	1.3%	1,010 bps
Balance Sheet	Cash and Cash Equivalents	570	682	(16.4%)
	Total Debt	4,123	4,146	(0.6%)
	Net Debt	3,553	3,464	2.6%
Cash Flow	Operating Cash Flow	132	136	(3.0%)
	CapEx	98	110	(11.1%)
	Working Capital	(361)	(264)	37.0%
Others	Net Debt / EBITDA	1.7 x	1.6 x	0.1 x
	ROIC	14.0%	16.1%	(210) bps
	Cash Conversion Cycle	30	86	(56)

KEY FIGURES | JANUARY – MARCH 2024

3,737
Employees

+32,000
Sales points

4.2%
Government transactions

+5,260
e-commerce clients

+115,000
bebbia units

8.6 million
20L water jugs saved

MESSAGE | CEO

Dear investors,

As we begin 2024, our focus remains on delivering decentralized water solutions and enhanced access in the regions in which we operate, while implementing operational and financial strategies to create value for our stakeholders.

During the quarter, we successfully maintained profitability, achieving an EBITDA margin of over 20%, as well as a ROIC above the cost of capital. However, we faced challenges due to lower demand in Argentina, the United States, and Peru.

Mexico achieved solid results, with strong performance in both services and products. The drought in the central region of the country continues to drive volume growth, while acquisitions through our Programmatic M&A strategy have brought more dynamism to *riego* and RSA. Our solutions aim to address and mitigate the growing issue of water scarcity in our country. During this period, we were able to make adjustments in production and supply chain management to meet the high demand.

Our pricing strategy and ongoing business activity with our partners, distributors and plumbers, have maintained the leading position of our brands in the different regions where we operate.

Regarding corporate governance best practices, on April 26th, the General Assembly will be presented with the nomination of two new independent board members, Regina García-Cuellar and Marcos Westphalen, whose experience will strengthen the Board of Directors and provide a greater diversity of profiles and perspectives. Additionally, a dividend of \$0.50 MXN per share will be proposed, reaffirming our commitment to distributing value to our shareholders.

We are excited about the opportunities that 2024 will continue to bring. We remain focused on providing the best service to our customers and leading the change towards a more efficient and sustainable use of water.



Carlos Rojas Aboumrad

INVITE | EARNINGS CALL

Thursday, April 25th, 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_Daz-WvpOSg6KhIM4GPeKdQ

GUIDANCE | 2024-2025

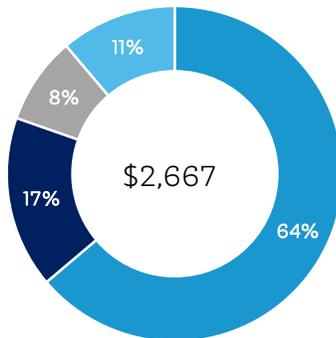
	Metric	2024 Guidance	Objectives 2025
Guidance	Increase in net sales	> 10%	≥2x sales (vs 2020)
	Adjusted EBITDA Margin	18.0% - 19.0%	≥ 20%
	Net Debt/ EBITDA	< 2.0x	≤ 2.0x
	ROIC	ROIC = WACC + 200 bps	~ 20%

EBITDA | BY REGION AND SOLUTION

		1Q		
		2024	2023	%Δ
Mexico	Sales	1,702	1,510	12.7%
	EBITDA	471	460	2.4%
	% Margin	27.7%	30.5%	(280) bps
Argentina	Sales	442	636	(30.5%)
	EBITDA	72	82	(11.5%)
	% Margin	16.4%	12.9%	350 bps
United States	Sales	224	280	(19.8%)
	EBITDA	(38)	(50)	(24.9%)
	% Margin	(16.9%)	(18.0%)	110 bps
Others	Sales	299	320	(6.7%)
	EBITDA	49	62	(20.8%)
	% Margin	16.3%	19.2%	(290) bps

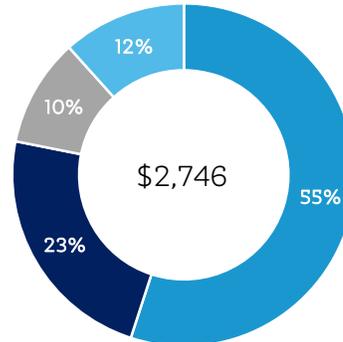
		1Q		
		2024	2023	%Δ
Products	Sales	2,445	2,603	(6.1%)
	EBITDA	607	599	1.4%
	% Margin	24.8%	23.0%	180 bps
Servicios	Sales	223	143	56.2%
	EBITDA	(52)	(46)	14.1%
	% Margin	(23.4%)	(32.0%)	860 bps

Sales 12M23



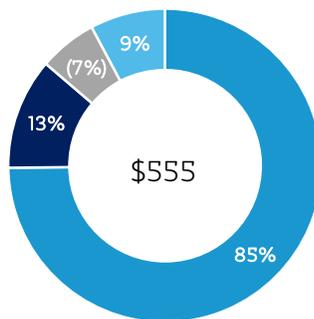
■ Mexico ■ Argentina ■ United States ■ Other

Sales 12M22



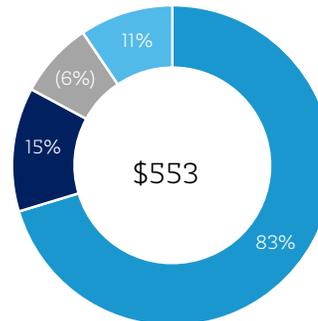
■ Mexico ■ Argentina ■ United States ■ Other

EBITDA 12M23



■ Mexico ■ Argentina ■ United States ■ Other

EBITDA 12M22



■ Mexico ■ Argentina ■ United States ■ Other

Mexico

During 1Q24, **net sales** increased by 12.7% due to solid growth in both products and services. The persistent drought in the central region has boosted storage volumes, particularly in water tanks and cisterns. Similarly, water flow and improvement performed well during the quarter.

It is important to note that the product sales prices in 1Q24 were lower than those in 1Q23, demonstrating the strength of sales volumes.

The recent acquisitions of HiTech, IrriVan, and a treatment plant in Puebla contributed to the solid performance of services in the country. Additionally, *bebbia* continues to trend positively in sales and new subscribers.

EBITDA margin closed at 27.7%, reflecting a decrease of 280 basis points compared to the first quarter of the previous year. This contraction is primarily attributed to price reductions and increased expenses, which have mitigated the positive effects of the solid performance in sales volumes.

Argentina

Net sales decreased by 30.5% in Mexican pesos and increased by 230.7% in local currency. This is due to the impact of the recent currency devaluation in the country.

The widespread market contraction, especially pronounced in the construction sector, was exacerbated by the macroeconomic stabilization plan, which has negatively impacted real wages. Additionally, the pricing strategy has not fully compensated for the effects of the currency devaluation that occurred in December 2023.

During the quarter, we expanded our portfolio of solutions with new faucet lines and two new models of water heaters, which have helped us stay innovative in the market and strengthen our presence at sales points.

Efficient management of costs and expenses contributed to an increase of 350 bps in the **EBITDA margin**, which reached 16.4%.

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, in the first quarter of 2024, the impact of restatement resulted in a decrease of Ps. 46 million in financial expenses, benefiting the Comprehensive Financing Result. After considering taxes, the benefit in net profit amounts to Ps. 2 million.

United States

During the first quarter, **net sales** decreased by 19.8%. The absence of drought conditions in key areas such as California and Texas reduced the demand for our water storage products. Additionally, price pressure was intensified by competitors liquidating excess inventory.

The septic tank business continues to develop and has been strategically refocused to optimize service offerings according to geography, tailoring them to the specific needs of each locality and focusing efforts in states like Texas.

The **EBITDA margin** is negative due to the reduction in sales, which has complicated the absorption of costs and expenses. The primary expenses are associated with the operation of our online commerce platform and the strategic repositioning of the septic tank business.

Other countries

Net sales in other countries (Peru, Guatemala, El Salvador, Costa Rica, Honduras, Nicaragua y Brazil) decreased by 6.7 % compared to the same quarter of 2023, due to slow demand in Peru that was not offset by growth in Central America and Brazil.

In **Peru**, sales decreased due to a widespread market contraction and reduced construction activity, as well as lower government spending. The strategy in this country is focused on protecting margins and maintaining market share.

Central America sales increased, driven by a good performance in the five countries and growth in all three categories: storage, water flow, and improvement. The growth in storage in Guatemala and El Salvador stands out due to the droughts experienced during the period.

In **Brazil**, the portfolio of water treatment and recycling plant projects continues to gain good traction. Additionally, commercial partnerships have been developed, which have increased qualified leads.

The **EBITDA margin** decreased, closing at 16.3%, compared to 19.2% in the same period of the previous year. This decline is due to the sales contraction in Peru and the expenses related to the construction of treatment plants in Brazil.

ANALYSIS | COSTS AND EXPENSES

Gross Profit

The **gross profit** increased by 3.1% and the margin expanded by 300 bps to reach 50.7%, a record high figure for Rotoplas. This margin increase is due to an effective pricing strategy aimed at maintaining competitiveness, a reduction in raw material costs, and an increase in sales volumes of Tinaco Plus+ in Mexico, a product that has a lower average production cost.

Operating Income

The **operating profit** closed at Ps. 421 million for the quarter, representing a decrease of 4.0% compared to 1Q23. The operating margin decreased by 20 basis points to reach 15.8%, primarily due to an increase in operating expenses. This increase was linked to higher freight costs, attributed to the transportation of Tinaco Plus+ to plants in Mexico where it is not yet produced. Additionally, the increase in expenses was

also influenced by initiatives in e-commerce and cybersecurity, as well as advertising for *bebbia*, which could not be offset by the lack of growth in some markets.

Although these digitalization initiatives increase our expenses in the short-term, they are aligned with our long-term vision for growth and efficiency. Measures such as process optimization and contract renegotiation are underway to manage these costs effectively.

Comprehensive Financing Result

The **comprehensive financing result** for 1Q24 resulted in an expense of Ps. 64 million compared to an expense of Ps. 411 million in the same period of 2023. The 2024 expense includes Ps. 100 million for interest on debt, commissions, and leases, alongside a benefit of Ps. 36 million due to exchange rate and inflation effects in Argentina.

The 2023 expense was mainly impacted by Ps. 252 million for the valuation of financial instruments for hedging exchange rate and Ps. 69 million for exchange losses and inflationary effects in Argentina.

In 2024, the accounting method for hedging instruments was changed, the effects of the MXN/USD hedge are now recorded alongside costs rather than within the Comprehensive Financing Result, influencing the gross margin.

Net Result

The **net result** in the first quarter of the year was Ps. 304 million, an increase of 8.3x compared to Ps. 37 million in the same quarter of the previous year. This increase is mainly due to the reduction in financial expenses described in the previous paragraph.

CapEx

	3M				
	2024	%	2023	%	%Δ
Mexico	87	89%	102	93%	(14.9%)
Argentina	7	7%	1	1%	NM
United States	0	0%	5	4%	NM
Others	4	4%	2	2%	121.6%
Total	98	100%	110	100%	(11.1%)

Capital investments represented 3.7% of quarterly sales and decreased by 11.1% compared to the same quarter of the previous year.

Capital investments include:

- Mexico: an investment has been made in new technology to produce storage solutions. These investments are an essential part of the long-term sustainability strategy and are intended for the

design of the new generation of water tanks. Additionally, it includes Ps. 22 million allocated to *bebbia* and Ps. 14 million to RSA treatment plants.

- Argentina: the investment has focused on maintaining existing plants and increasing production capacity in the water flow segment.

ANALYSIS | BALANCE SHEET

Cash Conversion Cycle (Days)

	3M		Δ days
	2024	2023	
Inventory Days	76	92	(16)
Accounts Receivable Days	59	78	(19)
Accounts Payable Days	105	84	21
Cash Conversion Cycle	30	86	(56)

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** decreased by 56 days due to a widespread improvement in working capital management. This was achieved through increased inventory turnover, improved accounts receivable collection, and increased supplier financing.

Debt

	3M		%Δ
	2024	2023	
Total Debt	4,123	4,146	(0.6%)
Short-term Debt	124	147	(15.6%)
Long-term Debt	3,999	3,999	0.0%
Cash and Cash Equivalents	570	682	(16.4%)
Net Debt	3,553	3,464	2.6%

Debt Maturity Profile

Total debt decreased to Ps. 4,123 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 Sustainable Bond	Mexican Pesos	4,098	Fixed 8.65%	June 16, 2027
Citi Working Capital Loan	U.S. Dollars	17	SOFR + 2.55%	July 27, 2024
Citi Working Capital Loan	Argentine Pesos	8	Fixed 111.5%	August 26, 2024

Financial Ratios

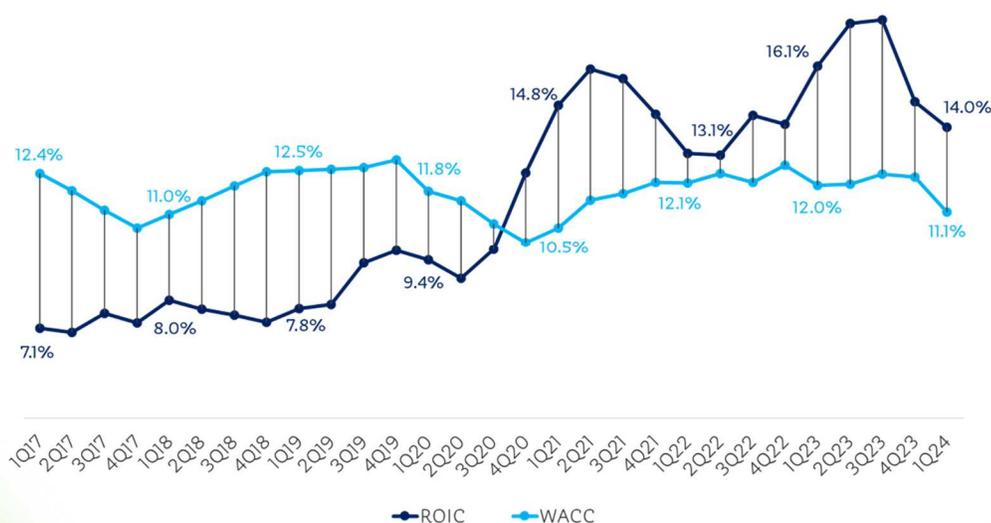
	3M		
	2024	2023	%Δ
Net Debt / EBITDA	1.7 x	1.6 x	0.1 x
Interest coverage*	8.8 x	9.6 x	(8.3%)
Total Liabilities / Total Stockholders' Equity	1.1 x	1.0 x	0.1 x
Net Earnings per Share**	0.62	0.08	8.3 x

* EBITDA LTM/ net interest LTM

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

Leverage as of the first quarter of 2024 was within the Company's debt guideline of 2.0x Net Debt/EBITDA.

ROIC / Cost of Capital



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

The ROIC reached 14.0%, which represents a decrease of 210 bps compared to the same quarter of the previous year. However, it ended the quarter at 290 bps above the cost of capital, which recorded a decrease of 90 bps 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, 2024, the market value of Grupo Rotoplas' position was:

		Market Value
Instrument	MXN/USD exchange rate forward	Ps. (53.0) million

ESG | ENVIRONMENTAL, SOCIAL AND

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

- Rotoplas has conducted a **high-level assessment of risks and opportunities** related to climate change and water security.
- Rotoplas has received, for the fourteenth consecutive year, the distinction of "**Socially Responsible Company**" in Mexico.
- Various activities were carried out to promote an **inclusive culture**. Additionally, activities were conducted in all countries during the month of March as part of the commemoration of **International Women's Day**, including a broadcast on Rotoplas TV, webinars, and internal and external communication materials.

AGUA | PREFORMANCE AND ANALYST COVERAGE

		1Q		%Δ
		2024	2023	
AGUA*	Closing Price	30.13	27.58	9.2%
	P/BV	2.4 x	2.1 x	0.3 x
	EV/EBITDA	8.5 x	7.5 x	1.0 x

Treasury shares

As of March 31st, 2024, the Company had 2.0 million shares in the treasury, equivalent to an invested amount of Ps. 168 million. Treasury shares have never been cancelled.

Analyst Coverage

As of March 31, 2024, analysts' coverage was provided by:

		Recommendation	PO
BTG Pactual	Felipe Barragán	Neutral	\$34.00
	felipe.barragan@btgpactual.com		
GBM	Regina Carrillo	Buy	\$50.00
	rcarrillo@gbm.com		
SIGNUM RESEARCH / PUNTO	Alain Jaimes	Buy	\$39.00
	alain.jaimes@signumresearch.com		
Miranda Global Research /ESG	Martín Lara / Marimar Torreblanca	Buy	\$46.00
	martin.lara@miranda-gr.com		
	marimar.torreblanca@miranda-partners.com		
Apalache	Jorge Plácido	Buy	\$44.00
	jorge.placido@apalache.mx		
	Consensus	Buy	\$42.60

FINANCIAL STATEMENTS | INCOME STATEMENT, BALANCE SHEET AND CASH FLOW

Income Statement

(Unaudited figures, millions of Mexican pesos)

		1Q		
		2024	2023	%Δ
Income Statement	Net Sales	2,667	2,746	(2.9%)
	COGS	1,316	1,435	(8.3%)
	Gross Profit	1,352	1,311	3.1%
	<i>% margin</i>	<i>50.7%</i>	<i>47.7%</i>	<i>300 bps</i>
	Operation Expenses	931	873	6.6%
	Operating Income	421	438	(4.0%)
	<i>% margin</i>	<i>15.8%</i>	<i>16.0%</i>	<i>(20 bps)</i>
	Comp. Financing Results	(64)	(411)	(84.5%)
	Financial Income	11	31	(64.1%)
	Financial Expenses	(75)	(441)	(83.1%)
	Income Before Taxes	357	27	NM
	Taxes	54	(9)	NM
	Net Income	304	37	NM
	<i>% margin</i>	<i>11.4%</i>	<i>1.3%</i>	<i>NM</i>
	EBITDA	555	553	0.4%
	<i>% margin</i>	<i>20.8%</i>	<i>20.1%</i>	<i>70 bps</i>

Balance Sheet (unaudited figures in millions of Mexican pesos)

		3M		
		2024	2023	%Δ
Balance Sheet	Cash and Cash Equivalents	570	682	(16.4%)
	Accounts Receivable	1,780	2,039	(12.7%)
	Inventory	1,239	1,420	(12.8%)
	Other Current Assets	702	749	(6.2%)
	Current Assets	4,292	4,890	(12.2%)
	Property, Plant and Equipment - Net	3,982	3,215	23.8%
	Other Long-term Assets	4,734	4,636	2.1%
	Total Assets	13,007	12,741	2.1%
	Short-term Debt	124	147	(15.9%)
	Suppliers	870	728	19.5%
	Other Accounts Payable	975	975	0.0%
	Short-term Liabilities	1,969	1,850	6.4%
	Long-term Debt	3,999	3,999	0.0%
	Other long-term Liabilities	834	609	36.9%
	Total Liabilities	6,802	6,458	5.3%
	Total Stockholders' Equity	6,205	6,283	(1.2%)
	Total Liabilities + Stockholders' Equity	13,007	12,741	2.1%

Cash Flow (Unaudited figures, millions of Mexican pesos)

		3M		
		2024	2023	%Δ
Cash Flow	EBIT	421	438	(4.0%)
	Depreciation and Amortization	134	113	18.4%
	Inventory	(173)	15	NM
	Accounts Receivable	(237)	(264)	(10.3%)
	Accounts Payable	49	(14)	NM
	Other Current Liabilities	(54)	(70)	(22.9%)
	Taxes	(8)	(82)	(90.6%)
	Operating Cash Flow	132	136	(3.0%)
	CapEx	(98)	(110)	(11.1%)
	Other Investment Activities	(15)	54	(127.4%)
	Investing Cash Flow	(113)	(56)	NM
	Dividends	0	0	NM
	Repurchase Fund	(5)	(13)	(62.3%)
	Short and Long-term Debt	8	50	0.0%
	Interest and Leases	(41)	(42)	(4.0%)
	Financing Cash Flow	(38)	(5)	NM
	Change in Cash	(18)	75	(124.3%)
	Effect of exchange rate on cash	23	(66)	NM
	Net Change in Cash	4	9	(53.7%)
	Inicial Cash Balance	566	673	(15.9%)
Final Cash Balance	570	682	(16.4%)	

PRESS RELEASES | 1Q24

- **Rotoplas** completed the acquisition of the remaining 20% of the shares of Soluciones y Tratamiento Ecológico, S.A. de C.V. (Sytesa). This was done in order to consolidate full ownership of Sytesa, commercially known as Rotoplas Water Services (RSA). – March 7th
- **Rotoplas** announced the start of construction of the new plant in the Metropolitan Area of the Valley of Mexico - February 22nd.
- **Rotoplas** announced that the Board of Directors will propose and submit for a vote at the next Ordinary General Shareholders' Meeting the incorporation of Regina García-Cuéllar and Marcos Westphalen as new members - February 21st.
- Rotoplas acquired an operational treatment plant in Puebla, with the aim of fostering the growth of the water treatment and recycling business in Mexico - February 15th.

For more information, please consult the relevant events section of our website: <https://rotoplas.com/inversionistas/eventos-relevantes/>

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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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