

Grupo Rotoplas

Virtual AGUA DAY 2022

Operator:

Good morning everyone and welcome to this year's AGUA DAY, Rotoplas, a Sustainable Growth Story. Please note that today's call is being recorded.

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

Today's agenda is as follows:

We will start the day with comments from our keynote speaker Aaron Bielenberg regarding water, power, and infrastructure practices in LatAm followed by an introduction to the main event by Carlos Rojas Aboumrad. Next, José Luis Mantecon will talk about Rotoplas' Sustainable Value Creation and ESG Strategy. After that, Mario Romero will give an update on the five-year business plan and will discuss economic value creation; and finally, Carlos Rojas will talk about the future of Rotoplas and his 4 priorities as CEO.

We will then close with a Q&A session.

I would now like to introduce today's speakers:

1. Aaron Bielenberg

Aaron is a Partner with McKinsey's Energy and Infrastructure practices based in the Washington D.C. office. He is also the North American Service Line Leader for the McKinsey Water practice where leads work with utilities and their public and private owners on strategy and investment. Aaron works with investors, developers, lenders, utilities, and governments supporting water, power and infrastructure programs and transactions and on a variety of infrastructure finance issues.

Aaron holds a BA (with Honors) from Brown where he was a Fulbright Scholar, and a JD from Columbia. He is a former investment banker (having worked at

Credit Suisse) and was a project finance and restructuring attorney at Latham & Watkins. Aaron has closed over \$100bn of project and corporate financing and refinancing in the bank and bond markets.

2. Carlos Rojas Aboumrad

Carlos Rojas Aboumrad is the Chief Executive Officer and Board member of Grupo Rotoplas. Carlos joined the Company in 2014 and since then he has held various positions; he was part of the international expansion and responsible for driving the success on the Innovation and Development department. Before being appointed as CEO he was the Vice President of Services.

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

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

3. José Luis Mantecón

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

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

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

4. Mario Romero

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

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

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

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

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

Mario holds a bachelor's degree in Economics from the Instituto Tecnológico Autónomo de México (ITAM) and a graduate certificate in Business Administration from Harvard University.

We would like to take this opportunity to thank all our speakers for the contributions they will make today, and we hope you find the discussions insightful and valuable.

I would now like to hand the mic over to Aaron Bielenberg to kick things off with his Keynote Speech.

Aaron Bielenberg

Excellent. Thank you. Thank you to Rotoplas for the opportunity to present on what is an incredibly exciting topic. Not a day goes by where we McKinsey don't get very significant questions on the future of water, the opportunities in water, and continue to spend significant time. Rotoplas places in a very exciting place to capture some of these opportunities if we go to the next page. My goal here is really just to provide you with an overall context for the market, some of the key drivers and trends and then also particularly some of the implications in the US of the bill, the Infrastructure Bill Act and additional private investment that's supporting that.

First off, water is a growth market. It's a growth market in a very stable and consistent way as we look forward in future years globally. The CapEx, the OpEx investment that is planned that is going to be invested as significant, 3% may not be most exciting for many, but when we get into some of the subsectors, it's quite remarkable where this capital is going. It's being driven by many

fundamentals, more recently, particularly the issue of water scarcity. We simply in most markets have a challenge, demand-supply challenge that requires intervention both in core infrastructure as well as technology, and that is creating significant growth. There's also been in recent years, a significant shift from public funding of core water infrastructure into a mix of funding that includes significant private funding, both in core infrastructure, in equity capital, of course, in debt, but then also in technology itself.

Finally, we have a whole set of, additionally we have a whole set of demographic shifts that are driving the need for significant capital investment in core water infrastructure and the technology to support that as we see population primarily living in urban environments in the future. This is on top of some of the investments required in the aging infrastructure, particularly in the US and European markets and some of the Latin American markets. That requires both upgrade as well as new build that's going to drive secular growth for the next 10 to 20 years.

Additionally, the focus on water quality, the focus on removing things like lead, PE (inaudible) and other contaminants and the regulatory requirements on top of that are creating a new need for innovation in technology, investment in technology to monitor as well as a whole new set of wastewater treatment plants to support that.

Let's go to the next page because as I mentioned, while 3% growth is overall, as we look forward, the growth that we're seeing in some of the subsectors is in many cases triple, if not quadruple. Significant demand in most markets for EPC and EPC services on the new build side as well as the upgrade. Very significant growth in the equipment related to water treatment, water purification, particularly a trend over time to decentralization of some of those solutions, whether it's in urban environments like some of the models that we're seeing in Singapore, San Francisco and other cities that are focused on wastewater treatment in a decentralized way or even in some of the home use and consumer use technologies that have grown over time.

Very significant growth in the need for not just core O&M in water, but also some of the technology integration to improve the performance of O&M, often with less labor. Chemicals continues to be a significant need, particularly kind of driven by the regulatory requirements on water quality. And then the most exciting kind of cross cutting space that while may have not reached kind of the size of the market yet, we see quadrupling, if not going five times in the next few years, including opportunities with significant margins around the digital, both platform solutions

and integrated set of solutions that drive sensor technologies and the analytics to support decision making for water system operators and consumers as well.

If we go to the next page, just as a kind of quick summary. As noted, the market here for water is large, it's massive in terms of both the CapEx and OpEx as well as technology investment. And it's also a very niche market in the sense that some of the players that have been very successful have provided solutions that are the solutions for utilities for 10, 15, 20 years in the future. There is in many ways kind of a real set of fundamental climate driven, but also growth driven fundamentals for water, and that we simply don't have enough water to serve the basic needs in industrial and residential use, and so the integration of reuse of the circular economy, of the closed water loop systems is becoming a primary focus across the board with investors, utilities, as well as some of the technology providers.

And finally, the regulatory drivers that I mentioned earlier. This is, however, from a complication perspective, a challenging market, and then it's very fragmented. In the US, we have over 3000 utilities. Providing a set of services and many more on the smaller co-op scale. So, procurement of some of these solutions, integration of these and in many ways sales and marketing can be quite challenging. Also, there is kind of over time, a very traditional approach to operating water utility systems that has been challenged at integrating innovation. That having been said, we're seeing a significant shift in the mindset. I spent yesterday with a number of CEOs and leaders in the water infrastructure sector in the US, and their number one focus is identifying the next generation of leaders, the next generation of leaders that are focused on sustainability as a career innovation as part of their career and are finding that the water sector is an area that has a lot of focus. So, I think we are poised to see significant change, not just in the in the economy of water, but also the mindset.

If we go to the next page, just very quickly, I do want to recap the scarcity point we are seeing through our climate modeling, significant future water stress throughout the US, for example, but globally. And we're also seeing cities, states as well as utilities respond. They're recognizing that they simply cannot attract the economic development, they can't attract the residents in a sustainable way in the future unless they address the future water stress and water scarcity issues. And this is a huge opportunity for providing solutions, not just for utilities and cities, but also for technology providers and operators.

If we go to the next page, the way to look at this opportunity is really across the kind of major technologies that supports the inflows. Desal is in the US being identified as a solution in a way that it never had before. Storage solutions,

including reservoir recharge as we see some of the underground reservoirs deplete. Huge amount of opportunity in residential, industrial as well as utility operations recycling, a focus on 100% reuse for some of the new wastewater projects like Hyperion and LA, like some of the DC Water Solutions on the East Coast are focused primarily on how we reuse as much water as possible.

And then finally, a whole set of regulations, but also technology investments in reducing consumption and in general efficiency for water. And I think in many ways we're at a place that that as we were thinking about energy efficiency many years ago and many of the technologies and standards that have been put in place to drive that forward, we're very much at the beginning of that for water.

Go to the next page and focus on the Bill Act. We are at a moment in time in the US where infrastructure is not only a policy focus, but also kind of a number one focus for driving economic growth and sustainability. That's evidenced by the recent IRA, that's evidenced by the chip (inaudible) focused on semiconductors, all of which, by the way, have very significant water implications, although they don't provide direct water funding but is particularly relevant to the Bill Act. So, this is the infrastructure, bipartisan infrastructure law, as became to be seen, which is increasing the funding to water for most programs five times what it was historically. So significant increase in the dollars. Most of this is going through existing programs, the revolving fund programs, both for clean water as well as for wastewater, but also there's a set of segmented investments and things like lead service lines and focus on PE Pass and also a crosscutting theme to focus on the systems that serve disadvantaged communities in the US.

So, stepping back, this is really kind of a once in a generation funding blitz focused on water, focused on the need for water, focused on addressing some of the risks related to water, and a huge opportunity for anyone really investing in the sector across the board. But we should know that there are a set of very specific focus areas like lead fast and disadvantaged communities that are in many ways driving the way that applications for this funding are being considered. If we go quickly to the next page, the overall step back, however, is that this is actually a drop in the bucket and despite it being five times what we've seen in the past, there's still a significant opportunity for private capital to invest and close the gap. When we kind of look at the dotted line on this slide, that really is a needs assessment based on the capital plans for most of the utilities that we have data on. And there's a, there continues to be a significant opportunity to put capital work in structures like public private partnerships for nature-based wastewater treatment, public private partnerships for energy efficiency, as well as private solutions which aren't even covered here.

And then finally, the last trend I do want to highlight in this overall growth into the next slide is a significant shift in the technology. And we can just go to the next slide, a significant shift in the areas in which some of this capital is flowing. As many of you know, most of the capital, particularly kind of in core infrastructure and what the Bill Act would have supported in the past was primarily focused on new conveyance lines, new reservoirs, in some cases new dams for wastewater upgrades of meters and things like that. There is a very significant focus now on, given the complexity and the challenges of building in many markets, including the US inflation, high energy prices, high labor supply chain considerations, there's a significant focus on finding ways to invest capital in a set of decentralized solutions, in a set of technology solutions that reduces ultimately the overall CapEx that may have been required in the past, but ends up resulting in a set of efficiencies on performance, on leakage management, on improvements in quality. And so, the opportunity set for companies like Rotoplas and others to deliver comprehensive solutions for the full set of players and the private and public side is quite significant. But I think we should be recognizing overall the kind of shift in focus. So those are all the remarks I wanted to lay out today. I think we will have some time for questions, but please do reach out. But I'd like to pass it over to the Rotoplas team to continue.

Operator:

Thank you for your presentation, Aaron. Now, having heard these interesting insights, we would like to listen to your opinions. A poll will come up on your screen with the question: Which of the following do you think is the biggest driver for the demand of water solutions in the Americas? Please select one option.

- A. Water scarcity
- B. Sustainable Awareness
- C. Lack of infrastructure
- D. Population growth
- E. Climate change
- F. Government regulation

[...]

The poll is now closed. The most popular answer was Water scarcity with 38% of the votes.

[...]

We will now begin with Rotoplas' presentation. First on the list is Carlos Rojas who will talk about the global water situation and the potential of the water solutions industry. Carlos, the floor is yours.

Carlos Rojas:

Good morning everybody. It's great to have you all here for this year's AGUA Day. We are very happy that you have taken the time to join us and hear about what our team and our company have been up to and our perspectives for the future. We greatly appreciate this opportunity to reach out and hear your perspectives and thoughts.

We believe that the best way to understand the challenges of the global water situation we are facing is to consider its two main manifestations, the two sides of the coin, if you will. On the one hand, climate change-driven floodings, which now affects 1.2 billion people, will increase over 30% by 2050. That is 1.6 billion people who will suffer the loss of their homes, their possessions and, in some cases, their lives as excess water brought by distorted weather systems wreaks havoc on their communities.

Then there is the other side of the coin. As 1.6 billion people will suffer the damage from floodings by 2050, twice that number will not have enough water to live adequately in that same year. Whereas in 2010 there were 1.9 billion people affected by water scarcity around the world, three decades from now it's projected that there will be 3.2 billion people, almost 70% more population who just won't have enough water to drink, shower, wash, etcetera.

Not enough water, while at the same time too much destructive water. Half of humanity will have a serious water-related concerns within our lifetimes.

The challenges of the global water situation concern us all, as each and every one of us has a role to play in addressing them. Nevertheless, as a water solutions company, Rotoplas is in a rather unique position to do so itself. Our purpose is to enable people to make the best use of water and we are committed to do so in a sustainable fashion. That is to say, we aim to ensure that our operations are sustainable, as we believe all economic enterprises should, and at the same time, we are allies with those who seek to be more sustainable, supporting our clients in their efforts to adapt to and mitigate the effects of climate change.

Our product line helps our clients to adapt to the effects of climate change, by enabling them to store, distribute and treat water more efficiently. In addition, we provide direct support during floodings, droughts and to communities that lack access to quality water. In fact, we were able to ramp up production by 3x during the second and third quarters to address the water crisis in Monterrey, Mexico.

Likewise, our water-as-a-service platform enables our clients to reduce their own footprint to help them mitigate their effects on climate change. Bebbia, water treatment plants and rieggo allow our clients to use and reuse water more efficiently, decreasing the contamination and depletion bodies of water, giving circularity to the resource to reuse it in their processes, and reducing plastic waste.

We know we are in the right industry. The need to adapt to the effects of climate change, as well as the efforts undertaken to mitigate them, have created a very significant market and impact opportunity for Rotoplas, an opportunity that is also driven by chronic underinvestment in water infrastructure in some of our countries. Consider, for example, the case of Mexico. It would take an annual investment of \$4 billion US dollars for 50 years to close the existing infrastructure gap and only about 45% of the required investment has been undertaken. This means that the infrastructure gap will continue to grow, driving the demand for our smarter decentralized water solutions as the public provision of water continues to falter.

Also to consider, in the United States the price of water has increased more than any other utility, even compared to electricity, natural gas and other services, putting pressure on families and businesses budgets. Thinking about electricity, technology has advanced to make it cleaner and more accessible, however, there is still much to be done in terms of water efficiency.

The market for the water industry in the Americas is estimated to be worth over 220 billion dollars, and the markets where we have a presence might be worth as much as 50 billion dollars. And even with our brand and product leadership position, we have thus far only captured 1% of that potential market.

There is, in other words, an extraordinary upside potential for those who are committed to sustainability and continuous innovation in the water industry.

We pursue the creation of economic value, ensuring that we provide our investors with a return on investment that is always greater than our cost of capital. And just as importantly, we are committed to creating sustainable value, putting people and planet at the forefront of our business models and strategies.

These are the core components of our sustainable growth story: leadership in a crucial, growing industry with extraordinary upside potential and an unwavering commitment to people, planet and profits.

Thank you very much for your time. I will now turn the presentation over to José Luis so he can talk about Rotoplas' sustainable value creation.

José Luis Mantecón:

Thank you Charlie, I'm very glad to be here again this year and to have this extraordinary opportunity to share with investors and other stakeholders the progress we have made with our sustainability strategy. Thanks everyone for joining us today:

I would like to start today's talk by discussing our governance structure and the recent strengthening of our team:

Our commitment to sustainability starts at the top, with the full involvement of our Board of Directors and our Executive Leadership team. The Sustainability Committee reports the most relevant ESG issues to the Corporate Practices Committee and works alongside with the multidisciplinary executive team tasked with developing and executing of our Strategy. This multidisciplinary team is comprised of seven people with experience in environment, social and governance issues as well as the leaders responsible for sustainable investments and capital allocation strategies. And in order to ensure the pace of execution of the Strategy, ESG efforts have been specifically designated as a joint responsibility of our CFO and myself as the Sustainability and Human Capital VP.

Therefore, two of the six vice-presidents at the Group level are now directly involved, bringing together the vision and responsiveness of our sustainability areas with the crucial market knowledge and investor insights about the latest global and local trends from our finance teams. With this team, the board's oversight and the support of the multidisciplinary and multi-regional working groups, we believe we have created a corporate structure that will enable us to maintain our status as a best-in-class company in the ESG space, ensuring that sustainability initiatives and best practices have the utmost visibility, traction and reach within our company.

As some of you may remember, we have defined several key indicators to track our progress in achieving our 2025 goals in the three components of our

sustainability strategy: People, Planet and Profits. These indicators are public, and we are pleased to report that we are well on track to reaching our goals.

With regards to profit, we aimed at evaluating 20% of our suppliers on ESG criteria by the end of this year and to reach 100% by 2025. We have already evaluated 21% of them this year.

Regarding our Net Promoter Score to measure our service level, we run these studies annually and we'll have the results in 2023, but we have executed user experience efforts to achieve this goal.

In terms of our planet pillar, as of the first half of this year, we had already reduced our CO₂ intensity per ton of processed resin below our 2022 target, even as we continue to invest in improving our production processes. Furthermore, as of this past November, we have already exceeded our goal of cubic meters of water purified by our solutions.

Finally, we reached our yearly target for the percentage of women that make up our workforce, which now stands at 24.2% and will reach 30% in 2025. Additionally, we have now provided, both directly and indirectly, 630 thousand people with access to water and sanitation, out of our target of 1 million people three years from now.

We are also happy to report that Rotoplas was selected as the winner of the HSBC Leading Companies in Sustainable Innovation Prize in the governance category. We also continue to be included in both the Dow Jones Sustainability MILA Pacific Alliance Index and the S&P/BMV Total Mexico ESG index.

In addition to the advances, we've made towards our target for women's participation in our workforce, we continue to make progress in our broader diversity and inclusion agenda. We understand that diversity will strengthen our company's culture and overall results by fostering work environments in which people can contribute their unique talents and perspectives to promote innovation and maximize our impact. We are therefore committed to creating an environment in which people with diverse backgrounds, experiences and talents work together to provide access to water for every person, regardless of their beliefs, culture, or origin.

To that end, our D & I strategy focuses on three pillars: gender, LGBTQ, and disabilities. We have defined the principles that should guide every team member with regards to each pillar, and leadership is committed to a zero-tolerance policy for gender violence and any form of discrimination. Moreover,

we have undertaken a widespread awareness and training process to ensure that these principles and commitments are understood and adopted throughout the company.

In the same vein, the modernization of our production processes has enabled us not only to reduce our CO₂ emissions, but also to increase the amount of recycled resins included in our finished products without compromising their quality in any way. In fact, from January to October, recycled resins amounted to 14% of all the resins we used, which represents a 25% increase by tonnage versus last year. By reformulating our storage solutions, some can now contain more than 20% recycled material without affecting their durability and overall quality. The new storage tank manufacturing process increases water use efficiency by more than 80% and saves 13% in energy costs. Additionally, it substitutes the use of LP gas with electricity, reducing our greenhouse gas emissions and making it a cleaner process as we are transitioning to renewable energy in our manufacturing plants.

As you may recall, we made our carbon neutral commitment public during the previous AGUA DAY. Today, I would like to give you an update on the path we have taken in the last few years that has helped us build for the future and come closer to achieving this goal:

We started measuring our direct and indirect CO₂ emissions in 2016 and began reporting them in 2019. Last year we established key performance indicators and objectives with regards to emissions. And now, as part of our efforts to move forward towards our goal of becoming a carbon neutral company by 2040, we have joined the Science Based Targets initiative, a partnership between the CDP, the World Resources Institute, the Worldwide Fund for Nature and the United Nations' Global Compact.

The SBTi independently assesses and approves companies' targets to reduce greenhouse gas emissions in line with its strict criteria, which is based on the Paris Agreement's goals. This initiative will analyze how much and how quickly we will need to reduce our emissions to prevent the worst effects of climate change.

By joining the SBTi, we will be able to validate our CO₂ emission goals and establish a clearly defined roadmap to achieve our targets, strengthening our accountability and our ability to bring about the decarbonization of our operations. Once we clearly understand the plan and timeframe for Rotoplas to achieve a net-zero target, we will be better prepared to include scope 3 emissions

into our efforts. This would push our strategy one step further, since our current carbon neutrality goal comprises scope 1 and 2 emissions.

We are committed to continue reporting under the GRI and SASB frameworks, in accordance with TCFD recommendations, and to complete the CDP questionnaires annually, so our stakeholders can track our environmental journey's progress.

Finally, we are confident that as technology advances and more players; governments, industries, companies, and also us as individuals become more aware of our impact on the planet, we will change our course and achieve a more sustainable future.

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

Mario Romero:

Thank you, José Luis, and thanks everyone for joining us today. Now, having heard about our progress on the path to sustainable value creation, I would like to share our journey in creating economic value. First, I will start with 2022 results, then discussing the flow's program's evolution, I will also go through our 5-year business plan and finally share some data related to our stock AGUA*.

A crucial aspect of our Sustainable Growth Story is ensuring that we continue to grow, expanding the reach and impact of our solutions across our markets, and that we continue to create economic value for our investors. Our triple focus on people, planet and profits entails constant innovation across our business strategies and a relentless focus on the profitability of our operations. As we continue to deliver the best solutions for our customers and communities, allowing them to make the best use of the water they have available, we pursue new avenues for growth, and we maintain a persistent focus on our margins and capital allocation discipline.

In this context, it is worth recapping how we are doing with regards to the guidance we provided for 2022, and we are happy to report that we are on track and even exceeded some of our targets so far this year. Additionally, we have exceeded the growth of the past 5 years where sales increased 13% and EBITDA 15%.

As a result of this year strategy and discipline, we have registered record sales and EBITDA during the last two quarters, exceeding our guidance even in what proved to be a challenging operational environment, marked by supply chain

disruptions, and increases in raw materials and logistics costs. To address these challenges, we executed an agile and disciplined pricing strategy, which enabled us to both gain market share and continue to improve our margins, which have continued to recover both sequentially and year-over-year.

We have also continued to invest in the modernization of our core products business, in order to ensure the leadership position of its brands and its profitability, and we continue to leverage the cashflow it generates to continue developing our new businesses. It is important to note, however, that this new business development is subject to strict capital allocation discipline, which has enabled us to continue creating economic value above our guidance. In fact, our return on invested capital exceeded our cost of capital by 230 basis points, even after our cost of capital increased, as did our investments in new business developments.

Our ability to respond agilely to the changing economic and operational environment across our markets stems from Flow, the transformational program we started in 2019, which has now become part of our DNA and the way we do business, becoming a key component of our Sustainable Growth Strategy. After three years of implementation, during 2022 we focused on our business agility.

Next year, our focus will be on ensuring that Flow spreads out throughout all our organization, so that all aspects of our business take place within the Flow framework, the evolutionary part of the business as well as the day-to-day business. We will also continue to address the different scenarios that may arise by prioritizing those initiatives that have the most potential in any given environment in an agile fashion, adjusting our spending and investment pace as needed.

Flow has been a wide-reaching and very significant effort. Since 2020, we have started 850 initiatives, which now involve 35% of our team as either initiative or milestone owners. We have completed over 16,000 milestones within the program. And 1 out of every 3 pesos of EBITDA in 2022 were derived from Flow initiatives.

Since 2020, we have been able to maintain a return on invested capital above our cost of capital. This has been so even as our cost of capital has increased and as we continue to invest in the modernization of our core businesses, as well as in developing new ones, to pursue growth. We adjust our investment priorities to respond to changes in our markets effectively. Overall, we aim to maintain CAPEX at about 5% of total sales, devoting 30% of this CAPEX to maintenance and the rest to businesses development.

Our core traditional businesses are a value proposition and, in sustainability terms, as Charlie mentioned, are focused on providing climate change adaptation solutions. These businesses have brand leadership and strong market shares, as well as a strong cashflow. Their EBITDA is steady, amounting to \$1.7 billion pesos in the first nine months of 2022. They enable us to reliably pay dividends to our stockholders.

Our new businesses, on the other hand, are a growth proposition, focused on something we urgently need as humanity - climate change mitigation solutions. They include, for example, bebbia in Mexico and Acuantia in the US and Brazil. These entail significant investments in developing new technological platforms, products and services which enable us to market and deliver innovative service solutions with greater efficiency. As is to be expected at this investment stage, these new businesses have a negative cashflow, but their earnings growth potential is strong. We are, in other words, investing in the Rotoplas of the future while at the same time we continue to strengthen our core business.

As of our 5-year business plan, we remain on track to meet our 2025 growth and profitability objectives, which remain unchanged: to double our 2020 revenue, adjusted EBITDA margin over 20%, this means sales above \$17 billion Mexican pesos and close to \$3.5 billion EBITDA. Also, we aim to have a ROIC close to 20% while keeping our Net Debt to EBITDA leverage below 2x and government sales under 10% of total sales. In fact, due to Flow Program's successful implementation and the opportunities that arise due to water risks across the Americas, we are ahead of our initial top-line plan. We have exceeded our annual revenue target for the past 2 years, we expected to grow sales around 15% and we have recorded a 22% CAGR.

Nevertheless, our path has necessarily changed to adapt to the overall scenario and to the emerging trends in the water industry. After the pandemic, we are seeing a normalization trend in 2H22 and should continue as we move into 2023, given that people spend less time at home and consumption is now more redirected to entertainment, leisure, and travel.

Our long-term thesis stands in place, as the industry's prospects remain strong due to the effects of climate change, the existing infrastructure gaps and the constantly increasing demand for water. However, as our margins were affected by supply chain disruptions and increased raw materials and logistics expenses, we will continue to make tactical adjustments to strengthen our margins and mitigate our short-term risks. In particular, we will continue to focus on the agility of our new businesses' execution and the development of initiatives,

ensuring the health of our core businesses and improving the marketing of new solutions.

In the table on the slide, you can see what we presented last year on the left side and the adjustments on the right side. The update considers a 3-year compound annual growth rate. There is no change in revenue growth, nonetheless, we have adjusted EBITDA growth. We expect improved margins in the products business unit in Mexico, Argentina, and Others (Peru and Central America), which will help us to maintain the investment pace in the development of the services business, where we expect to reach breakeven by 2025. Likewise, in the United States, due to the development of the septic business, we expect to have an EBITDA margin above 7% by year-end 2025.

We still believe that there will be a strong recovery in the demand for services, a market in which we have a differentiated, sustainable, and data-based value proposition which is benefitting from new tailwinds.

Furthermore, we see a lot of potential to continue growing and improving our margins after 2025 and towards 2030, driven by the growth in sales of services and the strength of our core businesses.

About Rotoplas' valuation, the following table shows the current Rotoplas multiples compared to other players in the water industry. These companies are focused on different water related businesses and geographies in which Rotoplas participates, but we believe they can be useful as benchmarks.

We consider Rotoplas as a value and growth proposition for our investors, with a strong core business and dividend payment discipline as well as an accelerated growth rate, 2x higher than our peers during this year. And it is worth noting that our current stock valuation implies a 28% discount vs our peers, even with higher speed growth prospects, 3x sales and 4x EBITDA.

Furthermore, since we started implementing Flow in mid-2019, we have outperformed the S&P/BMV IRT, on a both year-to-date and last -twelve-months basis. We have increased our marketability index significantly in the past 11 months relative to the last year, with a 28% increase in volume, 23% increase in value and improving our marketability ranking by 8 places, from 60 to 52, the best ranking since we were listed in the Mexican Stock Market.

Year-to-date our average daily trading value is 340 thousand USD, and this past November it had increased to over 600 thousand USD, more than 2x our average in 2021, which was 260 thousand USD.

Rotoplas has paid dividends annually since 2016 and we intend to continue with disciplined dividend's payments, using between 30% to 50% of the free cash flow to equity as shareholder's return.

Our analyst coverage increased this year, and as of the end of November, our analysts' consensus implied an upside of over 30% and a buy recommendation across the board.

To conclude. As you have heard, Rotoplas offers investors a great growth and consolidation story in an industry – water solutions – that is every day more relevant and important to society. Further, Rotoplas is a transformational story, by successfully becoming a sustainable company that creates 360° value with a conscious capitalism approach.

Thank you very much for your time. I look forward to your questions. I will now turn the presentation over to Charlie

Carlos Rojas:

Thank you Mario. Sustainable and economic value creation is a guiding principle in our day-to-day operations and in our overall strategy. At the same time, I see the following priorities in the medium and long-term: the sustainable growth of the traditional business, the growth and development of new businesses, the digitization of the water ecosystem and, last but not least, our commitment to look after all of the company's stakeholders.

I would like to go through each of these 4 priorities. Starting with sustainable growth of the core business:

Over the past three years we have been making strategic investments aimed at building the Rotoplas of the future, pushing through new technological platforms and solutions in high-growth potential markets with agility and discipline. And all the while, we have also focused and made significant advances in ensuring that our core business remains at the head of the class in innovation and sustainability, continuing Rotoplas' tradition of technological and market leadership.

Our business started more than three decades ago in Mexico with a product that changed the way we store the most important resource in our daily lives, water. Just as Rotoplas has evolved over the years, so has our flagship product,

the tinaco or water tank. Today, I want to show you how this key solution has transformed...

I feel very pleased to introduce you our new water tank. We decided to renovate one of our flagship products to continue innovating our core business and to improve the user experience of distributors, plumbers, installers and the final user. We aim to maintain our competitive advantage and keep the technological barriers to entry high, thus evolving our core business and continuing to leverage its strength to develop our new businesses.

About the second priority, growth and new business development:

Alongside our modernized and strengthened core business, we have put our efforts into developing several new, high-potential businesses for which we will undertake specific initiatives in the coming year.

First is bebbia, our drinking water service that has the potential to reach 3 million households or B2C clients and slightly under one million institutional or B2B clients, with a potential annual recurring revenue of half a billion USD. During 2023, we will continue with the service's automation process and the development of its digital platform, as well as the optimization of field services and growing the institutional or B2B side of the business.

Next is Rotoplas Servicios de Agua, our water treatment and recycling business in Mexico, with a market opportunity that we estimate to be around 1 billion USD. Next year, the main initiatives will be to generate booking with a particular focus on water-intensive industries.

Acuantia US represents the largest market opportunity, which we estimate at around 6 billion USD for the septic business. In 2023 we will focus on optimizing the e-commerce platforms we have been developing, while creating strategic alliances and developing field services capabilities to support growth.

Acuantia Brazil, focused on water treatment and recycling in the largest domestic market in Latin America, represents a market opportunity of about 800 million USD. Over the next 12 months we will continue to build our capabilities there and generate bookings with a particular focus on water-intensive industries.

Finally, we estimate that the market opportunity for Rieggo, which leverages the latest technological advances to promote a more efficient use of water in agriculture, stands at about 350 million USD. Our main initiatives will be to

create success stories to attract new customers and strengthen our strategic alliances with producers and other market players.

One common thread to these and other efforts we are undertaking is our bet on the digitization of the water ecosystem, which is the third priority in my agenda as CEO. This bet encompasses our internal processes, as we continue to develop our digital platforms to enhance our customer's experience and enhance our transportation management systems, but it also includes key benefits for the company as we are gathering useful information to better understand our client's behavior, improve our service offerings and reduce costs. Additionally, for the end user, IoT features in products and services will bring about a smarter use of increasingly scarce water.

By having smart solutions within the water ecosystem, we will be able to know relevant aspects of our daily water use which will allow us not only to save money but also to protect this vital resource. For example, we could and will be able to help our customers understand how much water they consume and how much they have available, as well as the quality of this water; also, leaks and other forms of waste could be detected automatically. In the end, our users will be able to make the most efficient use of the water available to them.

And finally, on the priorities list is the commitment we have made to our customers, communities, stakeholders, and investors.

We will continue to be driven by our company's ultimate purpose, providing the best solutions and services to our customers and communities.

We will continue to apply the best ESG practices with our stakeholders' best interests in mind.

We will continue to create value for our shareholders through a sustainable, agile growth strategy.

And finally, we will continue to promote the well-being of our societies and safeguarding the planet we all share together.

Thank you very much for your time and interest in our company's evolution and vision for the future. This event not only allows us to get closer to you, but also to make you feel close to Rotoplas. We look forward to your questions and thank you for being a part of our Sustainable Growth Story. Before we open the floor for questions, we have one more poll for you.

Operator:

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

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

- A. Growth Story
- B. Sustainable Story
- C. Transformation Story
- D. Price Target Upside
- E. All of the above

The poll is now closed. The most popular answer was All of the above. 40% of our participants today consider that every side of Rotoplas' story resonates with the,

Next up:

What are you most optimistic about regarding Rotoplas' future?

- A. Water digitization and data driven solutions
- B. Water as a service platform
- C. Evolution of the product portfolio
- D. Hitting ESG targets

The poll is now closed. The most popular answer was Water digitization and data driven solutions with 33% of the votes.

Thank you all for answering and sharing your thoughts with us.

We will now conduct a Q&A session. If you would like to ask a question, please press the "Q&A" button located at the bottom of your computer screen and type your question, as well as your full name and the name of your company.

We will now pause for questions.

Operator: Our first question comes from Michelle Galvez from Principal. Hello. Thanks a lot for your presentation. About water challenges, what would you consider will happen to water concessions in the country into the future, especially in the consumption side, like beverage companies, for example? Would you believe scarcity will be worse in certain areas of the country that could impact distribution of production of certain companies? Or how would you

address an increase in demand of your solutions in those countries and industries?

Carlos Rojas (CEO): Michelle, thank you very much for your question. It's a very good one. And let me start by referring to some of the points we made in our presentation. It will get worse. Infrastructure investment needs are way higher than what we're currently investing. This is particularly in Mexico we commented on the value that should be invested, and how much we're investing. But this is happening throughout the whole continent, and I would say in the majority of the world. So, scarcity will get worse, and it will impact industries and particularly industrial manufacturing processes, which will limit companies from doing their core activities such as manufacturing a beverage. It will be very regionalized and like we saw this year where Monterrey had scarcity. The northern part of the country really had lots of scarcity, but that wasn't necessarily the case for the rest of the country. What it will be very regional. The solution to this in a big way from our perspective is decentralized solutions as a complement to centralized infrastructure. And so, we do see a very physical path where it will be required from industry to treat and reuse their own water and capturing water and use, it needs to be treated and then use it and reuse it as many times as possible. And it will not only be driven by regulation, but it will also be driven by availability. That's the water that you have available. Then that's what you will do, and you will put a wastewater treatment plant and you will run it to the specification levels where you can reuse that water. And I was wondering Aaron whether you might have any other insight into this question.

Aaron Bielenberg: So, fully agreed and just maybe to recount a bit of what we're seeing in the US market. Water Resources is becoming really top five in some cases, type three set of questions that industrial manufacturing and even corporate straight commercial companies are asking when they decide where to locate, where to relocate, where to build new facilities. This is not something that was the case even going back ten years ago. This is coupled, at least in the US, with a demographic shift to warmer climates for tax and other reasons, Florida, Texas, the Southwest, the Southeast, where there's in each place a unique set of water challenges, but overall real water challenges. As a result, we're seeing cities, and as they think about attracting and accommodating major new investments, whether it's (inaudible) manufacturing, semiconductors, or consumer products, really scramble to find water solutions. And so, I think what we will be seeing is a mix of decisions by corporates, industrials, to locate and focus their activities in places where they have much stronger clarity on the water resources and availability. We're also seeing those same corporate entities actually take on water solutions themselves. So rather than fully relying on utilities and state local governments on integrating water solutions, water rights,

water concessions, water technology into their facilities, into their plans in ways that they've never done before.

Aaron Bielenberg: And also, it's shifting the other way to the question, which is, it not only is informing where activities are done, where things are built, where investments are made, but the CapEx and OpEx budget focused on water efficiency and water technology for the full set of industrial players is significantly and growing in ways that many other line items in their budgets are not. So, they're taking into their own hands. I think what we're also seeing emerging as one last point is, is a very unique set of public private partnership solutions for addressing these challenges. In many cases, some of these industrials are committed to their locations where there's water scarcity or they're committed to them for other reasons, for commercial reasons. And so, there's a lot more innovation on integrating energy efficiency into residential and commercial use, to making those investments through surcharges on bills in many cases that support reservoir replenishment, that support in many cases desalinization. So, while very much a risk that is literally shaping decisions every day by these industrial customers, there's also a lot of innovation that's going to allow some of these businesses that are water intensive to continue operating, but it does require a set of public private investments.

Carlos Rojas (CEO): And I also, thank you very much Aaron. I also wanted to address that last part of the question. How would you address an increase in demand for solutions? It's a very interesting question also, because decentralized by definition means smaller size solutions. And so, to make it at scale, it needs to be replicated in huge quantities. So, it's really about leveraging digital technologies to be able to run a huge amount of different operations at the highest standards. And so, what the plus is really focusing in developing its digital tools and capabilities to be able to service anywhere from a wastewater treatment plant to a drinking water purifier in a home in the quantities of millions or hundreds of thousands. Right. So, it's really about leveraging digital technologies to be able to service growing demand and more from a perspective of a platform approach. Did you want to comment something Mario?

Mario Romero (CFO): Yeah, I was just in the previous comments from you and Aaron. I think there are differences between, for example, Mexico, Brazil, and the US. What we're seeing more in Mexico and Brazil is that they are updating regulation of deals. And what they're pushing is, they're pushing into the private sector to play a bigger role in water. And the government pulling back from being a big participant. And the reason is simple. They don't have enough money to close that infrastructure gap. And that is creating a totally different dynamic. And the second part is, the other pressure that we are experiencing is from all

of you guys. The investor community is also pushing industries to be more environmental, aware and to increase their performance in ESG metrics. And one of the ESG metrics environment and one is water. So, we are seeing a lot of customers, they're starting to shift the water awareness not only because of the price, but also because they want to be more sustainable. And you are seeing these industrial light commercial hotels and so on. So, this from different sides I think we're getting all the lights on the water industry, and I think it's good and that supports Aaron's intervention on why the market is growing.

Operator: Thank you all so much for your input on that. Our next question comes from Carmen Barroso from Miranda Partners. And a very similar question from Carlos Gaytan from Carbon Trust. Are you seeing any benefits from nearshoring trends? Do you expect any positive impact in 2023?

Carlos Rojas (CEO): Yeah. Thanks for the question, Carmen, and thanks for joining. It's definitely very exciting because in the nearshoring process, there's going to be a lot of demand for water. A lot of the industry is going to be moving to Mexico, as Mexico is really, fortunately located very close to the US and has some of the resources that are needed to be able to do the nearshoring. And so, a lot of industry will be moving into Mexico requiring a lot more water, which we don't have the infrastructure for. And in many of the cases, and we don't have enough water for that. So, it will be requiring a much more participation on our side on water solutions for treating or inducing water and bring water harvesting. So, we're very excited about that one. It will also probably generate a strong growth on our economy, which will also provide Mexicans with resources to get access to better water solutions. Mario? And we are very excited about the nearshoring.

Mario Romero (CFO): I think it's going to create a lot of economic momentum. And the good thing is that it will create economic momentum. Economic momentum comes with needs and water will be an additional need. So, I think it's going to be good for us because of the infrastructure is not going to be there. And second, the type of industry that we'll be sharing in Mexico will be looking at water very closely. So that's a good opportunity as well for water treatment and recycling.

Operator: Great. Thank you so much. Our next question comes from Carlos Gaitan from Carbon Trust. Has Rotoplas issued green or sustainable bonds?

Mario Romero (CFO): Yes, we did. We did it back in 2017. It was the first sustainable bond to be done in the LatAm region and the second one in the

Americas. So, it's a fun story to share how that went. I'm happy to connect offline to give you my views on that. But it was very interesting time for doing that part.

Operator: Great. Thanks, Mario. Our next question comes from Felipe Barragan from BTG. Thank you for the presentation and for organizing this event. Aaron gave us a great intro on water industry prospects and details on how CapEx will be spent in this sector. Could you give us a little more color on how CapEx will be spent by you guys in the next few years?

Carlos Rojas (CEO): Well CapEx will be spent in, most in testing intensively in wastewater treatment plans is going to be a very relevant category, and the other one is going to be digital tool development. Like I mentioned, it's going to be very important to have the digital tools to be able to service all of these solutions that we provide at scale. In terms of CapEx for our core or traditional legacy business that are much lower CapEx. Mario, anything else? Currently we are having relevant investments in the new products that I mentioned, such as the new water tank that is CapEx intensive, but that won't necessarily be the case in the longer-term future.

Mario Romero (CFO): Well, just to complement, as we as I explained, we are targeting to invest 5% of sales in CapEx for the next four years or so. From that one and a half will go to maintenance CapEx, which is mainly to keep on productivity of the products segment and the three and a half is, as Charlie explained, mostly going into the services and digital. And that's what combined will give you these sustainable growth story. And the way we rank projects internally in capital allocation, we do for each CapEx initiative, a business case, and then we rank it by IRR. And then we decided where to put our energy every year.

Operator: Great. Our next question comes from Martin Lara from Miranda Global Research. Thank you for the presentation. I have three questions. Do you think you will reach or exceed the guidance for this year? Is the first question. The second question is, could you please talk a little bit about your dividend policy for next year? And why don't you increase the CapEx as a percentage of sales to take advantage of the opportunities in the water industry? That is the third question.

Carlos Rojas (CEO): Mario, would you mind taking the first two and then I'll take the third one?

Mario Romero (CFO): Sure. Well, we cannot talk about how 2022 is coming, but we feel comfortable of what we have done for the first nine months. And I think 2022 will come in a good shape. As for your second ask was around. Let me just pull it out.

Mario Romero (CFO): Yes, it's about the dividend policy. The way we do our dividend policy is, we round the EBITDA for the year then after taxes and so on. And then we see how much CapEx we're going to be spending next year and then how much that if it's needed to repay or not. And then we have like the free cash flow left for shareholders. And from that, normally that has translated into 40%-50% of that free cash left flow for shareholders pay as a form in dividend. For the past six years, we've been paying anywhere from \$0.40 to \$0.50 per share on average it's around if you take into account the stock dividend that we have done, it's about \$1 per share for the last seven years. So, expect something around that for the next years.

Carlos Rojas (CEO): And in terms of increasing CapEx. And thanks for joining Martin. In terms of increasing our CapEx to take advantage of the opportunities in the industry, we have been increasing. We have been deciding to take on businesses and projects that are investment intensive. Some of our investment is not necessarily in CapEx. It's at the level of expenses. For instance, our investment in developing our brand and brands, which are very relevant to solutions to businesses such as bebbia, that's very intensive in investment at the expense level, which cannot be, they will as CapEx, but IFRS rules. But we are increasing our investment in the new businesses very intensively. Actually, our cashflow would be very different if we're not investing in those businesses as intensively. Now we're doing this in, I would say, mature way where we're making sure that we're delivering in value creation strategy, where we have our return on invested capital over our weighted average cost of capital. And so, we need to make sure that we're going to be able to deliver on the value creation. And that's a lot of the reason why we've invested so much in Flow, because it was about having the capabilities to execute, delivering on the results that we were forecasting. And then the other one was developing the content so that we would have the best strategy to pursue opportunities in this very large industry that's very difficult by many to understand because of its complexity and in which it's easily to get, you can easily get lost. So, we've been focusing on our strategy and our execution capabilities very much. I don't know Mario if there's anything else that any specifics that you'd like to share in terms of our investment increases.

Mario Romero (CFO): Yes, and probably I think it's worth to go back to page 39 to probably just give some color of what Charlie is explaining Martin. Look, if you

look at these five opportunities, which are very well identify opportunities and then you add up the total addressable market. The total addressable market for these five opportunities is \$9 billion dollars, nine zero. Today, Rotoplas' products is playing at a \$1.5 billion dollar market. So right now, we have these opportunities, identified. That when we say it is ten times greater, EBITDA margin at the product is around 20%. So, let's say 1.5 billion market size times 20%. The profit pool in what Rotoplas is doing is \$300 million dollars per year. These five opportunities represents EBITDA runs here around 30%. So, you do \$9 billion dollars times 30%. That's a 2.7 billion profit pool. And our energy and focus is into this. So, we are putting the appropriate CapEx to penetrate these markets. Most of these markets are new markets or non-existing markets or are different ways to solve water needs. So, our CapEx efforts with the capabilities that we've been building with the transformation program flow, that is where the company is focusing for the next five-ten years. So that is very interesting question, Martin. And I hope you get the answer you were looking for.

Operator: Thank you, guys. Our next question is actually a follow up from Felipe Barragan at BTG on the digitization of water tanks. How will the unit economics work? How do you plan on maximizing profits or increasing revenues considering that the additional technology may increase costs? Or is this purely a product differentiation component?

Carlos Rojas (CEO): Um. We're currently in the status of. Thanks for the question, Felipe. We're in the status of identifying what is the value equation for customers to then on the finish design on the business model. But there's multiple approaches. And so first of all, we need to understand by piloting in a large enough scale where the opportunities really are for creating value for our customers and for other potential stakeholders like utilities. But please let us refer to that question in the future. That is in terms of the water tanks.

Mario Romero (CFO): Just to do some additional comments on Felipe's question. I think there's there is a couple of, when you do IoT, and you start to make your products smarter. There are two main benefits, one to the consumer and one for the company or multiple for the company. As Charlie mentioned, on the consumer side, we are still finding what's the right attributes and value that the consumer is willing to pay for. Having that, let's say, smarter product to interact with water. And in the other hand is as a company, we become smarter in how we manage the product. For instance, for the bebbia products, in terms of maintenance, we it's going to be easier to run predictive maintenance. So that will reduce cost. So, there's two components to the IoT and we're still refining on what's the best equation to connect with the client and how to make money out of it.

Operator: Great. Thanks for that add on. Coming back to Rodrigo Salazar's question, he says, Thank you. What an exciting story. Two questions on his side. Could you expand on the changes made on the 2025 guidance? What changed from your initial view in each country and the business, and also what investments are needed to achieve this growth?

Mario Romero (CFO): Thanks, Rodrigo, for joining us this morning. And back to the guidance. Well, thanks for pulling out this light for us. The changes are we're just updating our business cases. And as you know, businesses and as everything in life is a continuous change. So, we're just trying to give you more color on how we're seeing things after one year running through the process. We don't see CapEx changing as the 5%, I explained. What we are seeing is different rates and different, in countries and segments. And we are understanding that we probably will need more effort on the services side to change and achieve a good potential on those five opportunities that Charlie was explaining. We are seeing a very strong products component. All these smart tech is going to give us more market share and cost reductions. So that's the reason we are updating continuously our business cases. So that's the reason we are changing the 2025 guidance. All in all, growth is going to be around 15% and EBITDA growth is going to be around 25% from 2020.

Operator: Perfect. Thanks. Our next question is a follow-up from Carmen Barroso at Miranda Partners. Are you considering any M&A either in Mexico or in any other countries to increase your international presence?

Carlos Rojas (CEO): Um, we have been looking for right opportunities in terms of M&A. It is something that we are considering not necessarily to increase geographical participation, but to increase the growth rate of businesses that we're pursuing. And this would mainly be in the Mexico, Brazil, and US regions. Mario?

Mario Romero (CFO): Sorry for using this slide 39 multiple times. If you go back to slide 39, what we are changing is the way what we're trying, the way we're going to be doing M&A, we are launching, we launch actually in this quarter a programmatic M&A program because we believe that specific bebbia, Rotoplas servicios de agua in Mexico and Brazil and riego can benefit from a well-done programmatic M&A approach. So that's the big change for going into 2023. So, you'll see a lot of small deals to give these businesses more traction and achieve a good slice with that \$9 billion market opportunity.

Operator: Great. Thank you. Our next question comes from an anonymous attendee. In a personal opinion, what is the line of service solutions that excites you the most and from which you expect the best performance in the long term? Maybe this could be fun for everyone to answer individually.

Carlos Rojas (CEO): I'll go first. Thank you very much for the question. You know, the new business definitely are what are most exciting in terms of potential. Because rather than just mitigating the current problems with water scarcity, we're going to start finding sustainability in the in how we use water. And not only for that reason, but it's also a very interesting market in terms of size and profitability. Couldn't really be done before without digital technology. It's something that can be done now. I think we are one of the very few companies that are considering contributing to the water space with a decentralized approach as a complement to a centralized infrastructure. And we've been working on this for quite some time now. And we're seeing we have been able to validate, and I would say very thoroughly, and we're continuing to see lots of traction in our progress in developing these businesses. So, I would definitely say that bebbia and water treatment plants are the ones that are furthest along and which we expect to start seeing impact, relevant impact, or significant impact in our company's results in the not-too-distant future. Mario, what about you?

Mario Romero (CFO): Well, mine. I will say that I'm very passionate around the water digitization. Uh, I think all that is going to happen, and I think it's, the opportunity is just huge. To digitize such an important need for humanity, I think is just going to be tremendous. I think this is not going to be the short term that we are looking at. But really looking at the long term and imagining a connected environment where you can manage the water in terms of quantity, quality, price availability. And if you connect that to our initial conversation, you can see that as one of the five biggest opportunities going forward. And I think it's needed. And we were discussing early on before jumping into this meeting that the big change that energy has been experiencing over the last 30 years, I think now it is come to the water industry. And if you go to the US and you start seeing how homes are becoming smart, managing water, sorry, managing energy, hope to be water, but how homes are becoming smart and managing energy. You have all the nest products that you can manage your AC you have now these Philips smart lighting to manage flights and at the end optimize your energy consumption. I think something for water is needed and is needed badly. And you see that graph that Charlie presented on how fast water prices are increasing. And Aaron was explaining to us that, that's a share (inaudible) energy in the US is 6% of the (inaudible) share of consumers and water has to reach 4%. So, it's, water is approaching the cost of energy. And that is really picking

up the attention of the end consumers. So, for me, IoT and connecting consumer with all this smart water management, I think it's a huge opportunity. So that's mine, Charlie.

Carlos Rojas (CEO): Thank you.

Operator: Great. Thank you.

Mario Romero (CFO): And for José Luis, what's your add on?

José Luis Mantecón (Sustainability VP): Well, I am in love with our bebbia business, water as a service I think it's a tremendous opportunity for our company. And it excites me a lot because, is a way of helping consumers lower their carbon footprint. So, I'm really excited about it.

Operator: Great. Thank you so much. Our next question is a follow up from Carmen Barroso at Miranda. What can we expect in terms of R&D investment for the coming years? So, research and development efforts.

Carlos Rojas (CEO): We've been investing in R&D since the birth of Rotoplas, and we have done so in the recent past. We've been doing close to 2.5% of sales and it is something that we will continue to do in the future. It's always been around that level of investment, and we foresee the investment to continue to be around that level. This is mainly in product in the product side of development, of R&D in terms of other sort of developments such as digital, which wasn't the case back when it wasn't as relevant and that obviously has changed.

Operator: Great. Thank you. Our next question comes from Pablo Aaron Garcia. The CFO said that you will replace LP gas in your process instead to use electricity. How many joules could that save? Potentially?

José Luis Mantecón (Sustainability VP): Well, this is a very technical question. What I can tell you is that we think we're going to reduce our emissions by 30% CO2 emissions. And remember that we are a company that is committed to be carbon neutral in scopes one and two by 2040. So that includes electricity and the rest of inputs.

Carlos Rojas (CEO): And you had mentioned that in terms of energy the new process consumes around 13% less energy and like 80% less water or something like that no?

Mario Romero (CFO): Yes, at the end I just want to just grab a bold ideas is first we're moving from a fossil fuel to a renewable fuel because Rotoplas electricity consumption comes from solar and wind distributors. Second, it's going to be a reduction of 30% net in energy. And at the end on a unit basis, the CO2 emissions will be reduced by 30%. I don't know the answer in joules, but I can have our technical team to convert all that into joules and get back to you offline.

Operator: Great. Thank you. Our next question comes from Regina Carrillo from GBM. Congratulations on the exciting story. I just have one question on the consolidated EBITDA CAGRS that have been updated to 25% and 27% range. If the product division will grow at a 20% to 22% rate, how should we think of the growth in the services division? Thank you.

Mario Romero (CFO): You know, the reason why you see that products 2020 from a 2022 range and then the overall 25 to 27. The reason is because services is coming from a negative EBITDA just by putting into zero that creates an overall effect. If you see today, as we have pointed out, a big component of our EBITDA that is being created by products is invested and flow through like expenses into the services area. So that's the reason together that gives you that growth. And thanks for joining us this morning, Regina. Sorry for not saying good morning.

Operator: Thank you so much, Mario. Our next question comes from an individual investor, Martin Gonzalez. He would like to know a little bit more about the decentralization topic regarding the objectives of the company and how it would add value.

Carlos Rojas (CEO): The decentralization topic, referring to our decentralized solutions. Would that be? (inaudible)

Mario Romero (CFO): I think that's what he's referring to. And probably the way to answer that, Charlie, is we're coming from, we're coming as a society from centralized solutions where when cities were smaller, and population driven population was not that big. The way cities have grown that that business model it's very unsustainable. So, people will need to manage water and have access to water in different ways, I think that's what I understand from that question.

Carlos Rojas (CEO): In terms of the reason, we really like to be very close to sustainability is because it's not just about the impact. It's also a tremendous

referral of what is most convenient in terms of, for instance, pricing because of energy consumption. But driving water, pumping water long distances is not very sustainable. It consumes a lot of energy. And the way water works is super decentralized, naturally. I mean, the way it gets evaporated, it's completely decentralized throughout the whole planet. And then it precipitates in a decentralized way. And that's how it flows. And once it precipitates the way it flows all the way back to the oceans, it's in a decentralized way. So, what makes sense is to use a decentralized way. And so, it would only make sense that if by some kind of miracle, water is just being put on top of your house, that you would at least capture that and turn it to the point where you can use it and that you just had as many times as possible before you get rid of it. So, we believe in the decentralized approach not only as a sustainable approach, but as one that really consumes much lower, much less resources. So, making it the most efficient and convenient way to use water. So, this is why we think that it will be a tremendous complement to decentralized infrastructure, not that the centralized infrastructure will cease to exist or shouldn't be invested further upon. But this complements it in a way where we can aspire to sustainability for the next decades. Thank you for your question.

Operator: Great. Thank you, guys. Our next question comes from Carlos Gaitan Lastras. Regarding your 2017 Green Bond experience, can you define it as a good experience? Do you think it generates an impact report about this 2027 bond? And do you have any plans for more green or sustainable bonds in the future?

Mario Romero (CFO): Well, thanks. Thanks again for following up on this topic Carlos. I will define that as good, and I don't want to be over. It was a fantastic experience, really, because it was a new thing that nobody understands, understood well, at that moment it was very interesting on how to go tell the story to the market and do a roadshow when the industry was not used to do roadshows in bonds. So, it was like getting the bankers out of the comfort zone to sell something new. So, it was a really very interesting and fantastic story. And then going forward, if we as a company do another bond, all of our bonds will be sustainable. So that's kind of the way we think. And I know you'll be, with all these sustainable strategies that José Luis explained we are committed to that in a strong way. And finally, yes, there is a report from that 2017 bond so we can make it available to you. If you don't find it, please let us know. And thanks again for following on the topic.

Operator: Thank you, Mario. Our next question comes from José Francisco Dacosta. Do you feel focusing on ESG action affect your profit or do you see some added value and potential reduction on regulation, climates, and reputational risk?

Carlos Rojas (CEO): The way we see our relationship with sustainability. Remember, we think of sustainability in three pillars, right? People, planet, and profits. So, we think that all three are very important for a company to be sustainable and to be contributing sustainably to people and the planet. And so, our relationship with it is one where we, it is embedded in the design of our business. It's not either or, or it's not in cost of it. They complement each other. So, the more our sustainable our solutions are, the more attractive they are not only because of the impact, but because sustainable solutions tend to all to be more economical. And so, the more that happens, the more demand for our solutions, the more we sell, the more profitable we become. So, it's really embedded in our design where it's not conflicting with those growing our business, but it's promoting the growth of our business. José Luis, Mario I don't know if you'd like to comment anything further with that.

José Luis Mantecón (Sustainability VP): Well, I think you got it right, Charlie. I agree with you.

Mario Romero (CFO): I would probably just that add on. And with the use case that we just presented today, José Francisco. I think your question is a very interesting question. And if you. We would think a lot around ESG and sustainability, how it correlates to profitability and cost. And there's a huge correlation and normally translates efficiency. Which reduces the consumption of any type of energy, is more sustainable. So, if you see the new water tank. Is going to be more efficient in terms of water and energy. It is more efficient, which we don't present that, but in distribution. So that water tank. It is more efficient. In all aspects. And that will increase profitability because it's losing less energy. And that is product is more sustainable. So, the way we see it is that every product or service that we deliver has to deliver an economic value and a sustainable value. And that's all about this story of Rotoplas. Let me just put another use case. Water treatment and recycling. That it's all about efficiency. You recycle the water. You consume less energy. From the municipality to the point of views. And that really uses the new water building, which that creates an economic impact. But also reduces the amount of energy. To flush the water into the point of view. So that's a sustainable component because CO2 reductions happens there. So, for me, when I say for me, for the company, we see a very high correlation about efficiency and sustainability that translates into sustainable value and economic value. Hope that was the answer you were looking for. And if not, we can engage in a conversation around that. Happy to learn.

Operator: Thank you. We have time for one last question today. Is it in your plans to contribute to social programs in Mexico that address problems regarding flooding and shortages?

Carlos Rojas (CEO): Thank you very much for that question. I think it was anonymous, but it's great that you ask about it because we're really a purpose driven company. We really believe in people having more and better water. And we understand that we're a business and a for profit business. But we do also like to be very connected to what's happening in our communities where we participate. And so, in cases where we can support nonprofit organizations or activities, we're always very happy to do so. We look at them, I personally look at each of the programs and we approve it within a committee, and we've been participating in this kind of activities since the beginning because we know the relevance of our products in some of the communities where they are underprivileged. So, we try to find ways to support them in a more systematic way. We have not gone in there and back in 2014-15 we were doing much more government programs. Those were for profit, project, but to service these communities. But we did not find sustainability in those programs in terms of how we could continue to do those programs every year. And it brought about a lot of instability for the company, which is the reason why we decided not to do that at that level of scale, which was a very relevant part of our business by then. So, we do contribute to these programs in a not-for-profit approach, and we would like to continue to do that. And we really believe in helping our communities. José anything else?

José Luis Mantecón (Sustainability VP): Just would add that, we have over 300 or so allies that we were constantly with them, helping them with their social programs. And also, recently we had the Premio UNAM, which we did with the Fundación UNAM, to promote the students, to develop a public policy regarding water. Also, we had our convocatoria 'A Fluir' this this past year, and we're going to do it again next year so that we can keep adding more allies and we can keep helping the communities where it is most needed. Thank you.

Operator: Thank you all so much. That concludes our question-and-answer session. If we were unable to answer any of your questions today, please feel free to reach out to your Investor Relations team and the AGUA* team and they will be happy to help. We would like to take this opportunity to thank all of our speakers once again for their contributions and to thank you all for joining us virtually today. As a thank you for your time and interest, we would like to offer everyone on the call today six months with 50% off discount when you subscribe to the bebbia system with the code aguaday2022. Please visit bebbia.com For more information on this.

Operator: Thank you all for joining us today. Please don't hesitate to reach out if you have any further questions. We appreciate your interest in Rotoplas and look forward to speaking with you guys again soon. That concludes today's event. You may now disconnect.

Carlos Rojas (CEO): Thank you very much.

Mario Romero (CFO): Thank you everyone. Thanks for joining.