

Message from the CEO

In 2021, we continued to evolve our internal culture to be more agile and innovative in response to the new opportunities and challenges that arise. The demand for improved and innovative water solutions that promote our stakeholders' well-being is increasingly evident, and it provides us with the opportunity to create economic value.

With this in mind, in the second quarter we launched our 2021-2025 Sustainability Strategy with a 360° value generation perspective. This strategy focuses on the planet, people, and profits as key components to our growth plan.

In terms of the planet, we addressed circularity and climate change, along with water availability. For our focus on people, we improved our user's quality of life as well as the promotion and development of our team members. Looking at profit, we focused on strengthening our corporate governance and ensuring access to our solutions.

This strategy reflects and renews our commitments and goals in terms of ESG, aligning them with the objectives we established in *Flow*, our organizational transformation program. In its second year of implementation, *Flow* focused on initiatives that promote sales growth with an emphasis on the customer and user experience.

- *Flow* has evolved from a transformational program to how the Company operates daily.

2021 was a challenging year, however, our priorities continued to focus on our employees and stakeholders' well-being, as well as ensuring the delivery of products to distributors and customers. We faced increasing demand and difficulty securing access to raw materials in terms of quantity and cost, both of which were indirectly impacted by the pandemic. Rotoplas was able to respond resiliently to supply chain instability because of our clear strategy and talented team that faced these challenges, took advantage of opportunities, and solved them in an effective, agile, and timely manner.

This year, boosting innovation, we launched new products and new manufacturing processes to improve the characteristics of our solutions, making them more sustainable. Likewise, we launched new sales channels, which strengthened synergies by cross-selling between businesses in different countries.

We made great progress in the digitalization of water solutions by officially launching *Acuantia* in the United States, where we expect to merge e-commerce operations with the septic business to develop a key market with high growth potential.

- Through the digitalization of water, we will adapt our product and service portfolio to smart solutions that use water more efficiently.

We automated *bebbia's* platform to improve the data entry system by introducing online maintenance scheduling and instant messaging communication, which provides quicker and more accurate responses for our customers.

Likewise, we formed a strategic alliance with the technology company Banyan Water, to jointly develop the next generation of products and services for more efficient water use via data analytics.

In monetary terms, the year's performance resulted in a 26% increase in sales, exceeding the annual growth target of 17% and strengthening our brands' position as leaders in the region.

The EBITDA margin was impacted by the increase in raw material and logistics costs and closed at 16.2%. During the year we followed a strategy of temporarily absorbing cost increases with the objective of gaining market share in the first half of the year to make the portfolio more profitable in the second half. ROIC reached 14.5%, 235bps higher than the cost of capital, in line with our long-term sustainable value generation plan.

- ROIC increased by 6.6 points since the start of the *Flow* transformation program in August 2019.

We maintain an optimistic outlook for a future focused on being innovative, agile, and continuing to digitalize water. We also remain aligned and disciplined in executing initiatives to achieve our 2025 growth and profitability targets.

- We have clear objectives on climate change and diversity.

Regarding our ESG objectives, we are aware of the considerable progress to be made, and therefore, we set specific goals for each aspect of our strategy, here I would like to highlight two.

Internally, we are working on increasing the number of women in our workforce, and have committed to reaching 30% by 2025, up from 23%. In line with our environmental focus, and our understanding of the intimate relationship between water resources and climate change, we aim to be a carbon-neutral company by 2040.

We are convinced that the path to sustainability must be walked hand in hand with our stakeholders, as well as with other experts that can help enhance our work and evaluate our progress. In that regard, I am pleased to share that in 2021 we continued to improve our scores in the Corporate Sustainability Assessment from the S&P/BMV Total Mexico ESG Index, we were part of the Dow Jones Sustainability MILA Pacific Alliance index for the fourth consecutive year, and we improved our MSCI rating from BB to BBB.

I encourage you to continue to join us on this path towards sustainable development in which we can change the lives of thousands of people while respecting the environment.

Carlos Rojas Aboumrad

Chief Executive Officer