APL GLOBAL GROUP

Initiation of Coverage

Betterware®
Hogar en armonía



BUY	TP JUL25	US$.26.80
Price		14.16
Max / Min		6.31 / 20.45
Expected Dividend Yield		2.2%
Total Expected Return		91.5%
Market Cap. (MM US$)		528
Enterprise Value (MM US$)		5,575
Outstanding Shares (MM)		37
ADT (MM)		0.6

Price as of 08/02/2024. Figures in Ps. millions

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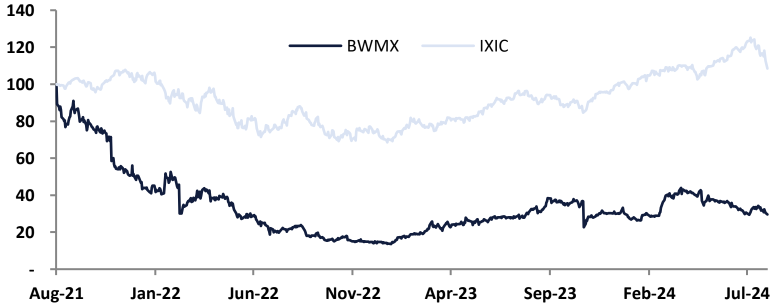
Recommendation: BUY

Our recommendation is based on: i) Betterware's business model as it is strategically designed to leverage a multidimensional understanding of its distribution network. This model not only optimizes supply chain efficiency but also enhances market outreach through a well-established network of distributors; ii) the technological implementation that supports its distribution network. The company's utilization of cutting-edge technology ensures zero-cost delivery for the last mile, a critical factor in enhancing customer satisfaction and reducing operational costs; iii) the consistently achievement of high growth rates in sales, cash flows, and earnings. This performance reflects its effective business strategy and operational excellence; and, iv) a very attractive valuation vs. peers.

Given Betterware's solid operating and financial structure, coupled with the growth potential of its direct sales segment, the company stands out as a robust investment vehicle. The strategic advantages, technological innovations, proven growth trajectory, and attractive valuation collectively underscore Betterware's potential.

BWMX VS NASDAQ Composite
(base 100 last three years)



Source: prepared by APL Global based on Bloomberg data

DESCRIPTION

Through this document, we initiate coverage of Betterware de México, which after the reverse merger process with SPAC DD3 Acquisition Corp (20% of the company's equity valuation), becomes the first Mexican company directly listed on the NASDAQ.

Betterware de México is a consumer company focused on the sale of home organization products through the direct sales channel, oriented to the "sweet spot" of the population pyramid, middle and low income (C and D). It is a small-cap, high-growth company with strong fundamentals that represent a very attractive growth proposition.

BWMX differentiates its value proposition to investors by: (i) its "business intelligence" approach, for product innovation, reflected in the constant renewal of its catalog (every 6 weeks); (ii) the logistics efficiency with which it operates, crystallized in an extensive geographic reach throughout Mexico and zero last mile cost; (iii) an "asset light" model, with a very healthy balance sheet and minimal indebtedness; iv) its accelerated growth and ample expansion opportunities, taking advantage of its disruptive structure, price-quality leadership and incorporation of new technological platforms; and, v) the leadership of its President, Luis Campos, one of the most experienced executives in the retail sector in LatAm, with a rich background in TupperWare and the DD3 team, led by Martín Werner (former Director of Goldman Sachs Mexico), one of the most experienced financiers in Mexico (Board member and Sponsor of SPAC DD3 Acquisition Corp).

Betterware started its public market journey on October 16, 2018, with an initial public offering (IPO) of 5,000,000 units priced at US$10.00 each, generating gross proceeds of US$55,650,000. Subsequently, on October 23, 2018, underwriters partially exercised their over-allotment option, acquiring an additional 565,000 units.

On August 2, 2019, DD3 Acquisition Corp. (DD3) formalized a Combination and Stock Purchase Agreement with Campalier, S.A. de C.V., Promotora Forteza, S.A. de C.V., and Strevo, S.A. de C.V., leading to a strategic merger with Betterware. This merger, completed on March 13, 2020, resulted in Betterware as the surviving entity, with BLSM becoming a wholly-owned subsidiary of Betterware. Prior to closing, DD3 redomiciled to Mexico, aligning with Mexican corporate law.

In response to the merger, Betterware undertook significant corporate restructuring. On February 21, 2020, Betterware's shareholders approved amendments to its bylaws to allow the issuance of Series C and D non-voting shares and restructured its equity capital. This restructuring also involved the transfer of one ordinary share from Campalier and adjustments to the equity stakes of Forteza and Campalier through the Invex trust.

On March 10, 2020, the merger and restructuring were finalized. Betterware canceled all previously issued shares and issued new shares to DD3's shareholders on a one-for-one basis. The company also assumed obligations related to DD3's warrants and conducted a public stock offering on Nasdaq, which was subscribed by various investors.

Throughout 2020, Betterware made several adjustments related to the warrants, including repurchasing and redeeming them, and adjusted its equity capital accordingly. On December 14, 2020, Betterware and Forteza completed a merger in which Betterware remained the surviving entity without altering its capital structure or the number of shares outstanding.

In 2021, Betterware continued its expansion strategy by acquiring a 60% stake in GurúComm for Ps.45 million and a 70% stake in Innova Catálogos for Ps.5 million. However, both investments were later withdrawn due to performance falling short of expectations.

In January 2022, Betterware acquired Jafra Cosmetics International for a total of US$255 million (equivalent to Ps.5,355 million), funded through a long-term syndicated loan of Ps.4,499 million and US$30 million in available cash. The acquisition, approved by the Federal Economic Competition Commission and completed on April 7, 2022, was a significant milestone in Betterware's global expansion in the beauty and personal care sector.

During 2024, Betterware plans to launch an enhanced direct sales model targeting the U.S. Hispanic population, with an expected investment of approximately US$6 million. In addition, the company continues to make progress in expanding its brand in Latin America, strengthening its position in the global market.

This trajectory of growth and restructuring reflects Betterware's commitment to strategic expansion and optimization of its corporate structure to strengthen its presence in international markets.

INVESTMENT THESIS

Main factors that, in our opinion, make Betterware de México a "top pick" are:

Attractive target market

Direct-to-consumer sales are deeply rooted in Mexico. In 2022 alone, sales in this format amounted to US$5.9 billion, placing Mexico in second place in LatAm and eighth worldwide. Mexico has approximately 4.1 million independent direct sales representatives, first in LatAm (WFDSA).

The fact that Mexico is an ideal market for direct sales is due to several factors:

- *Increased number of middle-income consumers, driven by the incorporation of women into the labor market.*
- *Dispersed communities, which prevent in-depth retail coverage with standard distribution models.*
- *High Consumer Confidence, highest levels not seen since 2006 (INEGI).*
- *Favorable political context, given the efforts of the new administration to increase the income of the most backward sectors.*
- *Demographic change, high increase in the critical mass of potential consumers. BWMX's target market represents ~75% of the Mexican population.*

In addition, the competitive pricing of BWMX's products and its incentive scheme for representatives generates a resilience of the operation in the face of economic downturns.

Strong differentiation strategy based on its intelligence model

One of BWMX's strongest differentiators is its ability to develop new and innovative products that drive and sustain the company's growth potential.

BWMX's product innovation is one of the key factors in its strategy, as it manages to understand and exploit consumer trends, helping its consumers to identify needs they had not previously considered.

To achieve the broadest understanding of the market, BWMX leverages its business intelligence model, which allows it to conduct extensive market research and, through its Data Analysis Unit, gain a better understanding of its consumers, so that it can anticipate their needs and offer optimal solutions for them. In addition, it ensures customer loyalty through a one-to-one relationship with salespeople, a key factor for business expansion and for increasing future orders.

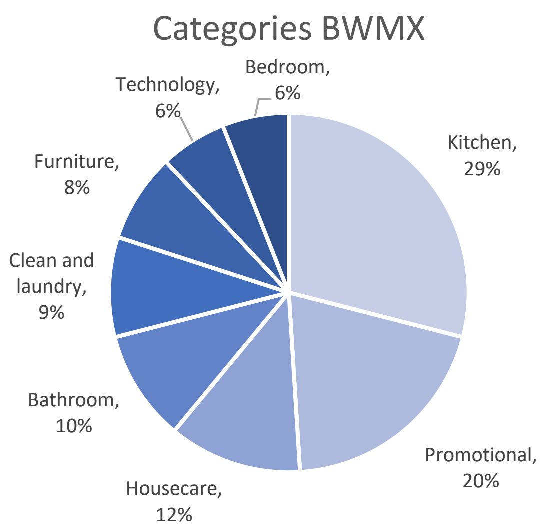
On the other hand, its pricing strategy consists of offering its products at affordable prices, so that more consumers will buy them and, consequently, obtain a consistent increase in revenues and margins, with a fast turnover in inventories.

In addition, the volume of sales allows economies of scale, with which costs are minimized. This represents a strong barrier to entry for future competitors.

The products offered are certified for their high quality and meet international standards. Therefore, the price-quality ratio manages to attract a greater number of consumers, gain their loyalty and maintain its leadership in the market.

An important competitive advantage of BWMX is its ability to offer the market new products in a very short period, every 6 weeks they renew the catalog, with more than 300 new products every year.

The variety and design of the products is elemental to the success of the company. BWMX's commercial portfolio consists of more than 380 high quality products, with an average selling price of ~US$5.5, strategically classified in 8 different categories: Kitchen, Promotional, Home, Bathroom, Cleaning, Furniture, Technology and Bedroom, among other minor categories.



Source: Betterware de México

The company's strategy indicates that it will continue to take this course of action, firmly pursuing innovation and product development, supported by an increase in its market share in Mexico, as well as its expansion into new frontiers.

Long-range distribution network and logistics platform efficiency

BWMX's sales model can serve 3 million homes every 6 weeks, in 800 communities throughout Mexico. The distribution network is composed of Distributors and Associates (+1,260 thousand).

Distributors are the link between the company and its Associates. On average, each Distributor has 17 Associates to whom he or she sells. About 82% of the Distributors order merchandise from BWMX every week, for an average amount of Ps.7 thousand.

Associates, on the other hand, are sellers with portfolios of end consumers, of which they may also be a part.

In order for an Associate to become a Distributor, the requirements are to recruit 3 people and reach a minimum purchase amount of US$125.

To motivate its distribution network to meet its objectives, BWMX has an incentive scheme, which consists of: i) offering discounts on products; and, ii) through a points system for each sale made, accumulating "Betterware Points", which can later be exchanged for rewards, such as household appliances, furniture, among others.

BWMX has a Business Intelligence Unit (BIU), a tool through which it tracks the daily performance of its distribution network, as well as the target guidance per Distributor, in order to develop customized commercial strategies. In addition, the use of BIU gives you a competitive advantage, since data analysis and market research provide key information for better decision making, thus making processes more efficient and optimizing results.

Its sales strategy is very effective given the country's conditions, such as the growing participation of women in the labor market (today 80% of the distribution network are women), coupled with the fact that more and more people are opting for self-employment and entrepreneurship options.

On the other hand, catalog sales allow you to expand and have a greater reach, by solidly increasing your presence in distant populations without retail coverage. This without incurring infrastructure costs. BWMX uses the BIU to perform a detailed socioeconomic mapping of each location and order monitoring, through big data analytics on customer behavior, seeking to enhance the penetration of each Distributor. With this tool, a detailed plan is designed for each Distributor, as well as measuring their sales performance.

With these initiatives, BWMX can expand its geographic presence at no cost per last mile and incorporate an exhaustive data analysis to move the largest number of orders.

Integrated supply chain and infrastructure as a barrier to entry

The efficiency that the company has achieved through an integrated supply chain is directly reflected in the consistent improvement of its operating margins.

Since the founding of Betterware in Mexico in 1995, and the transformation it underwent after its acquisition in 2001 by the current management, BWMX has successfully integrated different production links and strategic processes:

Manufacture

After a rigorous analysis of data and trends, as well as an important participation of the innovation department, products are designed internally and manufactured by more than 300 third-party factories, which are certified under strict quality standards. Products are manufactured 90% in China and 10% locally. Manufacturing the majority of its products allows the company to achieve competitive prices by reducing production costs.

To ensure the quality and timing of imported goods, the company has an office in Ningbo, China, which oversees everything from design to manufacturing and shipping of more than 40 containers each week.

Warehousing

Once the shipment is received at the port of Manzanillo, Col., it is sent to the Distribution Center in Guadalajara, Jalisco, where the final product is assembled and shipped to the Distributors.

Key metrics: 99.97% service level; 80 days of inventory; 1.4% excess inventory; and, 0.58% defective products.

Distribution

The company makes weekly shipments to the Distributors network, through 12 different freight companies, with which BWMX has a solid and exclusive working relationship.

Potential to capitalize on growth opportunities

BWMX has an investment prospectus that is not only based on its profile and operating history, but shows significant organic and inorganic growth catalysts, in the short and medium term.

The market size is very large. However, the penetration rate is low. Therefore, penetration in the areas in Mexico already identified, but without coverage, would drive the company's growth. Currently, BWMX estimates that it only has penetration in 11% of target households (households only within the target socioeconomic sector and regions).

On the other hand, international expansion is one of the pillars of its growth strategy. On April 16, officially launched Betterware USA, with headquarters in Dallas, Texas, and launched a website. Importantly, BTW is entering the U.S. home solutions market with a completely new business model, targeting both e-commerce and direct sales verticals.

In addition, its business model is scalable to other markets both organically and through acquisitions. The company says that in the medium term it could evaluate markets such as Colombia, Central America, and Peru, which is currently preparing to launch operations in 2025. These markets have similar characteristics and conditions to Mexico. Therefore, they are ideal markets for its business model.

Strong operating and financial performance medium-term projections

In 2Q24, the company had total net sales of Ps.3,389.4 million, a growth of ~5.3% compared to 2Q23. Gross margin was 72.2% and EBITDA margin was 19.4%.

The asset-light structure, with minimal CAPEX requirements (~50% for technology infrastructure), and a working capital cycle that does not require additional financing, allows for a cash flow conversion of -29 days. In addition, the company has a strong balance sheet, with positive working capital and low leverage levels, 1.80x Net Debt / EBITDA.

The company projects growth to 2025 of 9.7% in net sales and anticipates achieving stable gross and EBITDA margins for the same period, ~72.7% and ~20.9%, respectively.

We believe the company's projections for the various items through 2025 are conservative as they do not reflect any growth due to the expansion into the south America market. In addition to the above, we believe that the company still has a vast market in the country to penetrate, which would allow it to maintain the projected growth through market appropriation over the next few years.

Experience of the Management Team.

The Management Team has more than 40 years of experience in strategic activities in the retail sector, which is supported by the institutional structure of the Board of Directors, with more than 5 decades in the financial sector.

Luis Campos (Chairman of the Board): Chairman of Tupperware Americas (1994-1999); Chairman of Sara Lee House of Fuller Mexico (1991-1993); and, Chairman of Hasbro Mexico (1984-1990).

Andrés Campos (Board member and CEO): Commercial Director of Betterware (2014-2018); Director of Strategy and New Business at Betterware (2012-2014); Banamex Corporate Banking (2005-2010); and, KPMG Auditor (2004-2005).

MAIN RISKS

Lack of independent distributors

Betterware distributes almost all of its products through its independent dealers and relies on them directly for the sale of its products. BWMX dealers can terminate their services at any time, and BWMX experiences a high turnover among dealers each year. Although BWMX has experienced an increase in active distributors in the recent past, it may experience decreases in active distributors, including senior distributors at the manager and regional director levels. The number of its active distributors, including those at the manager and regional director level, may not increase and could decrease in the future.

BWMX's operating results could be harmed if its existing business opportunities and products, as well as new products, fail to generate sufficient interest to retain existing distributors and attract new distributors. The number and productivity of BWMX's distributors also depends on several additional factors, including:

- Adverse publicity about BWMX, its products, its distribution channel or its competitors;
- Failure to motivate BWMX's distributors with new products;
- Public perception of BWMX's products;
- Competition for distributors from other direct selling companies;
- The public's perception of BWMX's distributors and direct selling businesses in general; and
- General economic and business conditions.

Decrease in consumer purchasing power

Any macroeconomic event that could directly affect the economic situation of the population, mainly the middle-income segment, be it a significant increase in inflation, a sharp decrease in purchasing power, an economic recession or an increase in the unemployment rate, could be reflected in a decrease in the demand for BWMX.

Entry of new competitors

The entry of new competitors of the same size and strength would represent a decrease in market share and, therefore, a decrease in revenues. In addition, if competitors were to impose below-market prices, it would have an impact on Betterware de México's operating performance and financial position.

However, the barriers to entry in the industry are high and this makes it difficult for new competitors to enter. In addition, the integration of BWMX, which results in cost minimization and an efficient reduction of design, production and distribution times, makes it extremely difficult to imitate the scope of its business model.

If Betterware's industry, business or products are subject to adverse publicity, your business could suffer.

Betterware is highly dependent on the perception of its distributors and the general public of the overall integrity of its business, as well as the safety and quality of its products and similar products distributed by other companies. The number and motivation of its distributors and the general public's acceptance of the products may be adversely affected by adverse publicity with respect to:

- The legality of network advertising systems in general or Betterware's network advertising system in particular;
- The safety and quality of its products;
- Regulatory investigations of its products;
- The actions of its distributors;
- The management of its distributors; and
- The direct selling industry.

Import and manufacturing of products

Most of the products marketed by BWMX are manufactured under supervision in China. However, there are risks inherent to this activity that must be considered, such as exchange rates, tariffs, trade policies, among others.

Political events could adversely affect our operations

Government actions and policies with respect to the economy, environmental regulation and the social and political context, state-owned or government-controlled enterprises, financial, governmental or government-regulated institutions could have a material impact on private sector companies in general and on us in particular, as well as on conditions in the capital markets, and the prices and returns of securities traded on stock exchanges. Such actions include increases in interest rates, changes in fiscal policies, price controls, currency devaluation, capital controls, limits on imports, among others. Our business, financial condition, results of operations and distributions could be adversely affected by changes in governmental policies or regulations affecting our management, operations and tax regime.

VALUATION

In order to determine a Target Price (TP) we have used the most common valuation methodologies for a going concern. Based on this, we applied the discounted cash flow method, as well as target EV/EBITDA and P/E multiples, taking into account the following variables:

Discounted Cash Flow (DCF): We consider that the most appropriate tool to value BWMX is this method, since with this we can reflect how the company will be looking in the following years. Our base exercise contemplates the projection of NOPAT (Net Operating Profit After Taxes + Depreciation & Amortization +/- Working Capital Investment - Capital Expenditures & Intangibles), for the period 2023 - 2033. This method is weighted at 50%.

Figures in millions of pesos

DCF/Year	1	2	3	4	5	6	7	8	9	10
NOPLAT	1,956	2,024	2,066	2,116	2,274	2,355	2,388	2,536	2,620	2,799
Depreciation & Amortization	381	413	446	479	512	546	581	615	655	696
Investment in working capital	(194)	(104)	(66)	(74)	(95)	(76)	(79)	(83)	(87)	(92)
CAPEX	(190)	(386)	(417)	(448)	(479)	(511)	(543)	(575)	(613)	(651)
Free Cash Flow (FCF)	**1,952**	**1,947**	**2,029**	**2,072**	**2,212**	**2,314**	**2,347**	**2,493**	**2,575**	**2,753**
Present Value FLE Years 1-10	13,651									
Residual value:	36,017									
Present Value of the residual:	14,146									
Total Present Value:	27,798									
Net debt:	5,046									
Minority interest:	2									
Implicit capitalization value:	22,750									
Outstanding shares:	37									
Intrinsic Value (Ps.)	**609.65**									

Source: APL Global

Our estimates show that the present value of the company (discounting net debt and minority interest) would be Ps.21,620 million (US$1,093 million), which implies that it is currently trading at a discount equivalent to 109.1% to the sum of its future cash flows.

The main assumptions for the calculation of the weighted average cost of capital (WACC) and residual growth were:

- Risk-free rate: We take as a reference the yield of the 10-year US sovereign bond, to which we add the country risk premium of Mexico and the US combined.
- Residual growth: We assume that growth in perpetuity would be in line with expected average inflation for the next 10 years in the US, which in this case we have placed at 2.0%.

Assumptions for calculating the WACC	
U12M risk-free rate (M10):	4.2%
Premium risk on capital:	3.0%
Monthly Beta 3Y:	1.11
Beta-adjusted risk premium:	3.5%
Sovereign risk premium U12M:	2.0%
(-) ESG discount to sovereign risk *:	
Share capital cost:	9.7%
Implied credit spread:	8.0%
Cost of debt before taxes:	14.2%
Effective tax rate:	30.0%
Cost of debt:	9.9%
Mix of debt in target financial structure:	40.0%
WACC:	9.8%
Residual growth	2.0%

Source: APLGlobal and various recognized sources

Any variation in our parameters for calculating the weighted average cost of capital (WACC), which is currently 9.8%, could modify our target price, therefore we suggest reviewing our sensitivity matrix to different residual growth rates and WACC.

Sensitivity of the TP calculated by DCF: Residual vs. WACC						
		Residual Growth Scenarios				
		1.0%	1.5%	**2.0%**	2.5%	3.0%
	10.8%	487.14	503.24	521.17	541.26	563.93
	10.3%	523.11	541.78	562.71	586.32	613.16
Scenarios for WACC levels	**9.8%**	563.26	585.06	**609.65**	637.61	669.69
	9.3%	608.35	633.97	663.11	696.54	735.27
	8.8%	659.33	689.70	724.53	764.90	812.23

Source: APL Global

Target Multiples: Moreover, given that BWMX is listed on NASDAQ, we have identified 6 similar companies listed on the U.S. markets. These companies are currently trading on average with an EV/EBITDA multiple of 9.79x and P/E of 14.43x.

Company	Multiples EV/EBITDA	P/E
Herbalife	7.65	5.21
Home Depot	16.29	23.82
Lowe's	13.52	19.25
Nuskin	7.88	19.17
Tupperware	9.39	5.76
Usana	4.02	13.34
Average	***9.79***	***14.43***

Fuente: Morningstar

To determine a target price multiple, we have taken as a reference the average of international companies comparable to BWMX.

Sensitivity of the TP calculated by multiple: EV/EBITDA Target vs. Changes in EBITDA						
		EV/EBITDA multiple target scenarios				
		7.8x	8.8x	**9.8x**	10.8x	11.8x
	5.0%	469.93	547.60	625.27	702.95	780.62
	2.5%	455.52	531.34	607.16	682.99	758.81
Changes in EBITDA	**0.0%**	441.11	515.08	**589.06**	663.03	737.00
	-2.5%	426.70	498.82	570.95	643.07	715.20
	-5.0%	412.29	482.57	552.84	623.12	693.39

Source: APL Global

Sensitivity of the TP calculated by multiple: P/E Target vs. Changes in BV						
		P/E multiple target scenarios				
		14.2x	14.3x	**14.4x**	14.5x	14.6x
	5.0%	479.52	482.89	486.26	489.64	493.01
	2.5%	468.11	471.40	474.69	477.98	481.27
Changes in Net Income	**0.0%**	456.69	459.90	**463.11**	466.32	469.53
	-2.5%	445.27	448.40	451.53	454.66	457.79
	-5.0%	433.85	436.90	439.95	443.00	446.05

Source: APL Global

Based on the above, the estimated 12-month price of BWMX using the EV/EBITDA multiple would be Ps.589.06, while applying the P/E multiple, it would be Ps.463.11.

We also attach to this document a sensitivity analysis based on different levels of target multiples, as well as changes in EBITDA and net income.

<u>We have assigned a 25% weighting to these methodologies for EV/ EBITDA and 25% for P/E.</u>

Valuation Method	Price	Weig.
DCF*	30.82	50%
EV/EBITDA target*	29.78	25%
P/BV target*	23.41	25%
Target Price 12 months	**28.70**	
Actual price	14.16	
Potencial return of TP	102.7%	
Dividend Yield	2.2%	
Total expected return	**104.9%**	
Recommendation	**BUY**	

*US$1.00=Ps.19.78
Source: APL Global

Multiples	LTM	NTM
Valuation calculated with the TP		
EV/EBITDA	2.2x	1.9x
P/BV	0.9x	0.7x
Valuation calculated with the actual price		
EV/EBITDA	0.0x	0.0x
P/BV	2.0x	1.7x

Source: APL Global

As such, we are setting the issuer's 12-month (July 2025) Price Target at US$28.60 per share, with a BUY recommendation. This represents an expected potential return of 104.2%.

PROJECTIONS

Figures in millions of Mexican pesos

P&L	2022	2023	2024 E	2025 E
Revenues	11,508	13,010	14,667	15,110
COGS	3,579	3,701	4,173	4,269
Opex	5,878	6,962	7,835	8,057
EBIT	2,028	2,346	2,659	2,785
Net Int*	(558)	(808)	(715)	(677)
FX gain	(83)	(107)	9	10
Subsidiaries	-	-	-	-
Taxes	517	384	586	635
Disc. Op	-	-	-	-
Controlling interest	873	1,049	1,370	1,485
Non-controlling interest	(3)	(3)	(3)	(3)
Net Income	870	1,047	1,368	1,482
EBITDA	3,536	3,546	3,070	3,228
growths				
Income		13.1%	12.7%	3.0%
EBIT		15.6%	13.4%	4.7%
EBITDA		0.3%	-13.4%	5.1%
margins				
Operating	17.6%	18.0%	18.1%	18.4%
EBITDA	30.7%	27.3%	20.9%	21.4%
Outstanding shares	37	37	37	37
BV	29.4	39.5	60.5	83.2
EPS	23.3	28.1	36.6	39.7
EBITDA per share	94.8	95.0	82.3	86.5

* Includes derivative transactions and other financial expenses

Balance Sheet	2022	2023	2024 E	2025 E
Cash & eq	816	550	707	624
Receivables	1,104	1,170	1,279	1,318
Inventory	2,123	2,031	2,102	2,150
Other s.t. assets	393	260	631	357
S.T. ASSETS	4,436	4,011	4,719	4,449
PP&E	2,973	2,910	2,931	2,951
Other l.t.assets	4,004	4,186	4,123	4,766
L.T. ASSETS	6,978	7,096	7,054	7,717
TOTAL ASSETS	11,413	11,107	11,755	12,114
S.t. Debt	246	557	509	458
S.t. Leasings	85	117	121	124
Payables	2,568	2,902	2,888	2,871
Taxes	89	118	121	125
S.T. LIABILITIES	3,123	3,959	3,915	3,904
L.t. Debt	5,999	4,641	4,578	4,120
L.t. Leasings	207	256	258	259
Other l.t. liabilities	987	777	744	726
L.T. LIABILITIES	7,193	5,808	5,857	5,432
TOTAL LIABILITIES	10,316	9,634	9,495	9,010
SHAREHOLDERSS' EQUITY	1,097	1,473	2,259	3,104
Gross Debt	6,536	5,571	5,465	4,962
Net Debt	5,721	5,021	4,758	4,338

Cash Flow Statement	2022	2023	2024 E	2025 E
Net Income	870	1,047	1,368	1,482
(-) + working capital	(836)	(246)	(194)	(104)
Other adjustments	(1,290)	(1,329)	(1,369)	(1,410)
NET CF FROM OPERATIONS	1,410	1,971	1,507	1,714
Intangibles	-	-	-	-
PP&E purchases	176	131	205	414
Other adjustments	(4,650)	66	10	13
NET CF FROM INVESTMENTS	(4,825)	(65)	(195)	(401)
Debt increase	5,730	5,677	(111)	(509)
Dividends paid	950	649	171	165
Interests paid	503	652	691	655
Other adjustments	(1,222)	(6,943)	(127)	(131)
NET CF FROM FINANCING	3,056	(2,567)	(1,101)	(1,459)
Cash at end of period	816	550	707	624

Operating indicators and financial ratios	2022	2023	2024 E	2025 E
Liquidity	1.4x	1.0x	1.2x	1.1x
Acid test	0.7x	0.5x	0.7x	0.6x
Leverage (TL/SE)	6.6x	3.9x	2.6x	1.7x
Gross Debt/EBITDA	1.8x	1.6x	1.8x	1.5x
Net Debt/EBITDA	1.6x	1.4x	1.6x	1.3x
Days inventory	214	197	181	181
Days receivable	35	32	31	31
Days payable	9	11	10	10
Operating Cycle	239	218	202	202
ROA	12.5%	14.8%	19.4%	19.2%
ROE	79.3%	71.1%	60.5%	47.7%

Source: APL Global

HISTORY

1995

Betterware, an English company with more than 50 years of experience, arrives in Mexico.

2001

Luis Campos, after being President of companies such as Tupperware, Sara Lee House of Fuller Mexico and Hasbro Mexico, acquires the company and starts the operation of Betterware de Mexico.

2015 - 18

Betterware maintains a TACC of 45%, 37% and 41% in Distributors and Associates, in Revenue and EBITDA, respectively.

2019

NASDAQ-listed SPAC "BWMX" agrees to merge with Betterware de Mexico, thus becoming the first Mexican company listed directly on NASDAQ.

2020

A merger agreement is entered into whereby Forteza agreed to merge with Betterware.

2021

Entered into an agreement to acquire 60% of GuruComm, a Mobile Virtual Network Operator ("MVNO") and communications software developer.

2022

On January 18, 2022, a share purchase agreement was signed to acquire 100% of JAFRA's operations in Mexico and the United States. JAFRA is a leading global direct sales brand in the beauty and personal care industry, established in 1956.

2023

The Group reduced long-term debt by approximately Ps.1,000,000 compared to 2022.

Betterware secured a simple line of credit for Ps.1,500,000 from BBVA.

Betterware completed its third and fourth bond offerings totaling Ps.813,974, with maturities of four and seven years.

Betterware fully repaid the syndicated loan debt related to the JAFRA acquisition, using funds from the new long-term debt and bond issuances, as well as short-term revolving credit lines.

Betterware obtained an additional line of credit for Ps.950,000 from HSBC.

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