



# BeFra

Q2 2024 Earnings Results

July 2024

# Q2 2024 Highlights:

## Continued Growth

Q2 2024 consolidated net revenue increased by 5.3% YoY, driven by robust commercial strategy, product innovation, effective revenue growth management, and incentivized sales force.

Improved productivity in Associate base led to higher average orders for Betterware and Jafra brands.

Q2 2024 EPS increased by 16% YoY primarily due to a decrease in net financing cost as we continue focused on an improved cost of capital and deleveraging the balance sheet.

## Next Steps

Continued effective execution of 2024 commercial plan across businesses: executing commercial plan, which encompasses strategic initiatives such as marketing campaigns, effective product innovation, and targeted sales strategies.

**Cost control:** Implement and adjust strategies to overcome higher costs and FX fluctuations to streamline operational efficiency and reduce unnecessary expenditures.

**Debt reduction focus:** Commitment to reduce our Net Debt to EBITDA ratio to at least 1.5x by the end of the year.

Continuing efforts to reduce excess inventories, primarily driven by product innovation.

# Q2 2024 Highlights:

## Betterware México

Achieved slight YoY net revenue growth (+2.2%) despite 8% premature sellouts of key SKU's.

Increased average order per Associate by 8.0% YoY, highlighting our strategy to enhance share of wallet.

Gross Margin decreased due to higher import taxes, higher freight costs and sales mix towards less profitable items in the quarter.

Continued efforts to reduce inventory levels, decreasing excess inventory from \$360M to \$232M in the H1 2024.

## Next Steps

**Product Innovation:** Strong focus on robust innovation plans for H2 2024 to drive continued positive results.

**Demand Forecasting:** Improving forecasting processes to avoid stockouts and adjusting models for more accurate growth forecasts.

**Cost Control:** Adapting merchandising plans to ensure expected revenue growth and profitability.

**Pricing Strategy:** new pricing structures to capture market share and improve profitability.

**Incentives Program:** Adjusting core and regional incentives to boost activity and retention among Associates.

# Q2 2024 Highlights:

## Jafra México

Achieved 8.7% YoY sales growth, focusing on expanding Associate base and driving product innovations across segments.

Exceeded expectations with a 269 bps gross margin improvement, driven by volume increase, favorable product mix, reduced material costs, and lower obsolescence expenses.

Achieved 28.2% YoY EBITDA growth with a 313 bps increase in EBITDA margin, aiming to align with Betterware's standards through expense optimization.

## Next Steps

**Product Innovation Plan:** Implementing comprehensive innovation across all categories to stay competitive.

**Catalogue Design:** Launching a new, emotionally engaging catalogue in October to boost purchases.

**Merchandising:** Introducing advanced pricing, promotion strategies, and improved pagination management.

**Inventory Reduction:** Continuing plans to decrease inventory levels strategically.

# Q2 2024 Highlights:

## Jafra US

Achieved 1.2% YoY net revenue growth, marking the first quarter with growth since the acquisition, deploying successful commercial strategies and marking a pivotal shift towards sustained growth.

Expanded Associate base by 3.7% YoY for the first time since acquisition.

Achieved a notable 38.3% higher EBITDA, with a positive outlook on profitability by aligning business variables and leveraging Betterware's successful business model in the US Hispanic market.

Ahead of plan since we anticipated net revenue growth and break-even by the second half of 2024.

## Next Steps

**Product Innovation Plan:** across all product categories to enhance consumer appeal and competitiveness.

**Catalogue Design:** Recently implemented changes in July expected to positively impact sales throughout H2 2024.

**Merchandising:** Initiating effective merchandising plan with enhanced pricing, promotion strategies, and pagination.

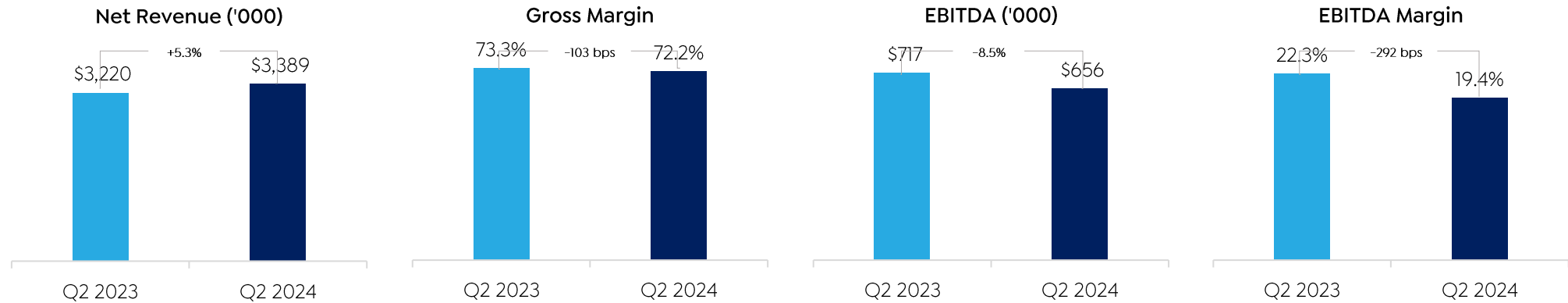
**Launch of Shopify+:** new platform launch in August to expand online and digital market presence.

**Field Strategy:** Restructuring field strategy to align with successful models used in Betterware Mexico, aimed at preparing and motivating sales force.

# Consolidated Financial Performance Q2 2024

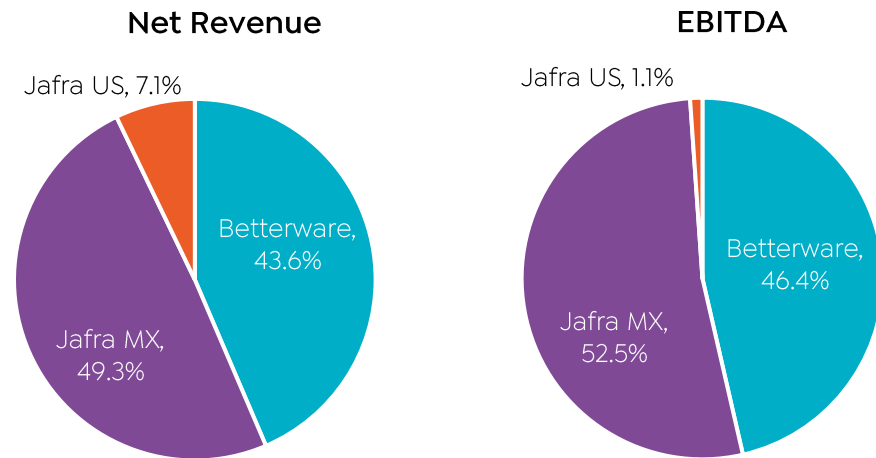


## Q2 2024



### Key Highlights:

- Net Revenue continues growth, driven by both brands.
- Profitability was adversely affected, primarily by factors including increased freight costs, higher taxes, and depreciation of the Mexican peso, particularly in Betterware Mexico.
- Jafra continues to play a pivotal role in driving growth for the Group.

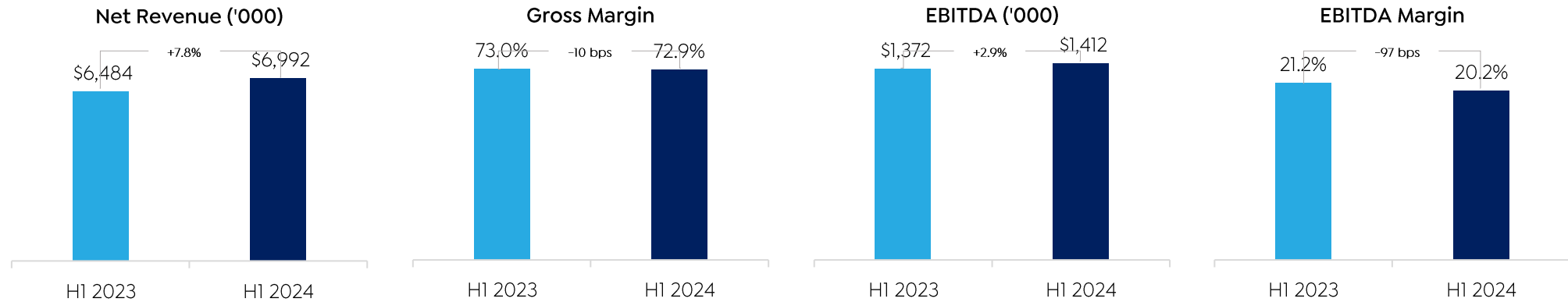


\* Financial Figures in Ps. Millions.

# Consolidated Financial Performance H1 2024

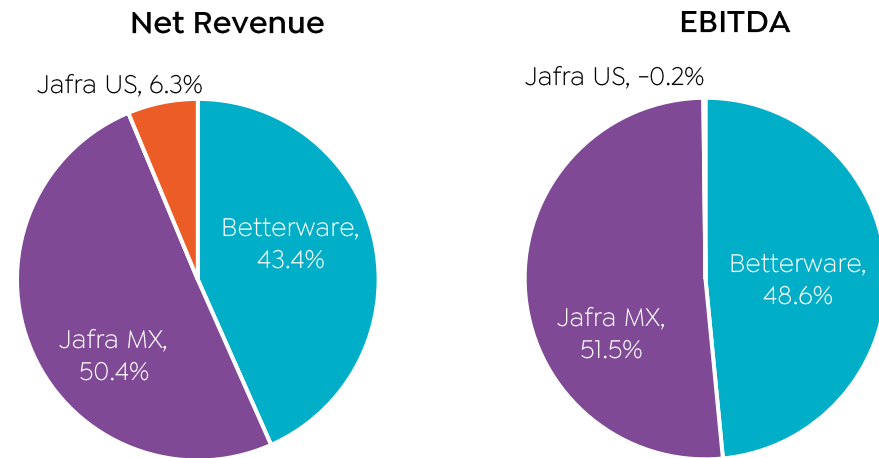


## H1 2024



### Key Highlights:

- Net Revenue and EBITDA growth driven by good performance in the first half.
- Profitability showed a decline due to the adverse impact on Betterware, as previously mentioned.
- We continue to work on deleveraging the company, reaching a Net Debt to EBITDA ratio of 1.80x.

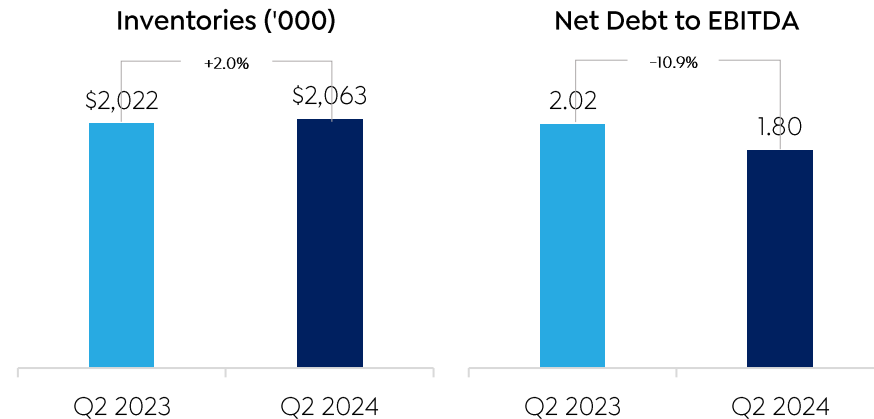


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# Consolidated Financial Performance Q2 2024

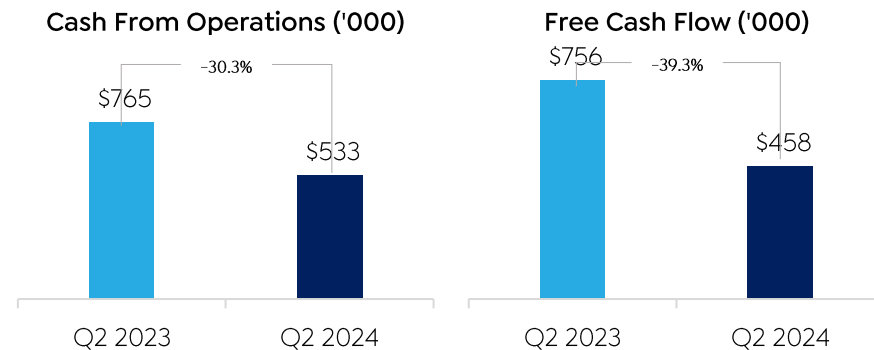


## Balance Sheet



- **Balance Sheet remains strong.** We have deleveraged the company through the repayment of our debt from our Jafra Acquisition.
- **We have reduced our Net Debt to EBITDA ratio to 1.80x** in the quarter, going towards our goal of reaching at least 1.50x at the end of the year.
- **Reduced Cash Conversion Cycle.** We have improved our CCC due to an improvement in inventory levels in both our brands as well as better agreements with our suppliers.

## Free Cash Flow



- **Free Cash Flow generation.** During the quarter decreased 39.3%. This was due to a 30.3% decrease in our Operating Cash Flow that primarily resulted from higher CAPEX investment, an extended supplier payment period in Jafra Mexico and unrealized gain in the valuation of financial derivative instruments from the exchange rate depreciation exceeding average forward rates.

\* Financial Figures in Ps. Millions.



# Consolidated Financial Performance Q2 2024



## Guidance

BeFra remains confident and positive about the remainder of the year, given the Company's substantial achievements to date and further growth prospects. The current outlook assumes BeFra's Q2 2024 net revenue and EBITDA are aligned with initial forecasts provided at the beginning 2024. Should the company's results remain strong, BeFra may consider raising guidance. However, guidance remains as is detailed below:

	2024	2023	D%
Net Revenue	\$13,800 – \$14,400	\$13,010	6.1% – 10.7%
EBITDA	\$2,900 – \$3,100	\$2,721	6.6% – 13.9%

## Capital Allocation

BeFra intends to use operating cash flow for debt repayments, with the same objective of lowering Net debt-to-EBITDA to at least 1.5x by the end of 2024.

The Company remains committed to paying quarterly dividends as another means to increase shareholder value. The board of directors approved a Ps. 250 million dividend for the second quarter 2024. This marks the 18th consecutive quarterly dividend payment since our IPO in March 2020.

*\* Financial Figures in Ps. Millions.*

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