

October 28, 2021



Betterware Announces Third Quarter Fiscal Year 2021 Financial Results

Net Revenues Increase 4% for the Quarter and 69% Year-to-date

EPS of Ps. \$13.76 for the Quarter and Ps. \$43.76 Year-to-date

GUADALAJARA, Mexico, Oct. 28, 2021 /PRNewswire/ -- Betterware de Mexico S.A.P.I. de C.V. (NASDAQ: BWMX), has released its financial results for the third quarter fiscal 2021 ended September 30, 2021, and posted a letter to its shareholders on its investor relations website at <https://investors.betterware.com.mx/>



Q3 2021 vs. Prior-Year Quarter (\$ in Pesos)

Q3 2021 Revenue	Ps. \$2,361.5 million	4% increase over Q3 2020
Q3 2021 Gross Profit	Ps. \$1,328.5 million or 56.3% of Revenue	7% increase over Q3 2020
Q3 2021 EBITDA	Ps. \$708.4 million or 30.0% of Revenue	3% decrease over Q3 2020
Q3 2021 Average Distributors	63.5 thousand	19% increase over Q3 2020
Q3 2021 Average Associates	1.18 million	20% increase over Q3 2020

Luis G. Campos, Executive Chairman of the Board, stated, "Our Company has a long history of consistent and profitable growth. Last year, this growth accelerated sharply as we almost tripled the size of our network of distributors and associates, becoming the largest active sales force in the direct-to-consumer market in Mexico. After the extraordinary growth seen in 2020, the first nine months of 2021 have been a transitioning period where our main objective has been to consolidate our network of new distributors and associates gained during 2020 and adapt our operating capabilities to this new significantly higher level of revenues. The latter allowed us to deliver growth in net revenues of 4% and a 69% increase in net revenues for the first nine months of 2021."

Mr. Campos continued: "We move forward having successfully consolidated our network of distributors and associates, maintaining essentially the same number of active associates and distributors as we had by the end of 2020, but with a much more solid base, and our operating expense structure is aligned to support our current operations and our

expectations for double digit sales compounded annual growth rate from 2021 to 2025. Overall, we are confident that the strength of our flexible business model, expansion as we execute our three strategic pillars, and our resiliency given our ability to adapt quickly to various situations has us well positioned to achieve our goals of doubling our household penetration to 40% by 2025 and increasing our share of wallet, which would result in doubling our net revenues from 2020 in 2025."

Summary of Quarterly Results

After the extraordinary growth seen during 2020, when its network of distributors and associates grew to almost three times the size it was by the end of 2019, Betterware's main challenge for 2021 has been to consolidate its distributors and associates base. During the third quarter, the Company has successfully consolidated its network of distributors and associates with a much more solid base and successfully maintained essentially the same number of distributors and associates it had by the end of 2020.

During the quarter, the company grew net revenues by 4%, on top of the almost 200% growth seen in Q3 20. For the first nine months of 2021, net revenues grew 69% compared to the same period last year.

Q3 21 gross margin expanded 165 bps to 56.3% in Q3 21 from 54.6% in Q3 20. For the first nine months of 2020, gross margin expanded 288 bps to 56.9%.

After adjusting its operating expense's structure during Q1 21, the Company generated Ps. 708.4M in EBITDA during Q3 21, slightly below Q3 20 EBITDA, which in turn was 234% higher than EBITDA during the third quarter of 2019. For the quarter, EBITDA margin was 30.0%. For first nine months of 2021, EBITDA increased by 75% and EBITDA margin expanded 113 bps to 30.3%.

For the first nine months of the year, net income increased 461% and adjusted net income increased 49% relative to the same period last year. Earnings per share for the first nine months of the year increased 408% to Ps. 43.76 and adjusted earnings per share was Ps. 33.99.

Strength of Betterware's Differentiated Business Model

Betterware highlights the key features of its business model, which combined with the Company's focus on its three strategic pillars, have allowed the company to grow at constant double-digit rates of growth for 20 years and will allow the company to double its household penetration to 40% by 2025 and increase its share of wallet.

1. **High Cash Flow Generation:** low CAPEX requirements and negative cash conversion cycle.
2. **Asset Light Business Model:** third-party product manufacturing and third-party delivery to distributors
3. **Flexibility to Adapt and React to Different Situations.**

The Company's financial position remained strong during the third quarter ending the period with a Net Debt to EBITDA ratio of 0.1x, up from -0.4x in Q3 20. The main strengths of the Balance Sheet come as a result of its differentiated Business Model, which allow the company to have a high cash conversion rate, low liquidity requirements and flexibility to adapt its operation as demand increases or decreases.

Adjustments of Betterware's Commercial Strategies

During the quarter, the Company faced three external headwinds including: (i) a decline in consumption; (ii) a shift in consumption trends given the re-opening post the pandemic and (iii) supply chain disruption in China, driven by increases in sea freight prices and the rationing of energy. The Company is adjusting its commercial strategies to adapt to these new external conditions that it expects to continue in 2022. These changes include, among others, a change in product mix to make it more attractive for associates to continue selling and for new associates to join its network of distributors and associates.

While early, these adjustments already began to show positive results and are expected to continue to lead to improvements during November and December 2021. This, combined with the increased frequency of catalogue distribution is expected to generate increasingly positive results in 2022 and going forward. Betterware remains confident in its ability to further adjust its strategies if necessary.

Full-Year 2021 Guidance and Growth Outlook

The Company expects the headwinds faced during the quarter to continue, at least during the fourth quarter of the year. Therefore, Betterware expects its results for fiscal year 2021 to be closer to the lower end of its previous guidance of Ps. 10,800M in net revenue and Ps. 3,200M in EBITDA, which implies net revenue growth of 49% and EBITDA growth of 48%, and an EBITDA margin of 29.6%, on top of the 135% growth in net revenue and 154% growth in EBITDA during 2020.

Going forward, the Company is confident that given the strength of its business model and its competitive advantages, and its ability to adapt to different market conditions, it is well positioned to double its household penetration to reach its target 40% by 2025, while expanding its share of wallet. In addition to its organic growth opportunities, the Company is actively evaluating geographic expansion, and inorganic growth through attractive M&A opportunities.

Andres Campos, Chief Executive Officer, stated, "We are pleased with our third quarter results as, even considering the external headwinds during the period, and after the growth we saw in 2020 and specially in Q3 20 when our revenues grew almost 200%, our Q3 21 net revenues grew 4% compared to the same period last year. Overall, we are pleased with the continued operational progress we made in the third quarter as we continue to focus on driving household penetration and share of wallet. As we enter the fourth quarter, we are adapting our strategies to the current operating environment and are confident in our positioning to continue growing during the quarters and for the coming years, to reach our target of 40% household penetration by 2025."

Quarterly Dividend

As previously announced and aligned to the Company's ability to generate strong cash flow after investments, its Board of Directors has proposed a Ps. 1,400M dividend to be paid to its shareholders for record in four instalments of Ps. 350M per quarter. The fourth quarterly dividend is subject to approval at the next Ordinary General Shareholders' Meeting to be held on October 29, 2021.

Conference Call and Webcast Information

The Betterware management team will host a conference call with the investment community on October 29, 2021, at 9 a.m. (ET). The U.S. toll free dial-in for the conference

call is 1-877-451-6152 and the international dial-in number is 1-201-389-0879. Those wishing to access the webcast, as well as the financial information presented during the call, can visit the Investor Relations page on the company's website at <https://investors.betterware.com.mx/>.

Please visit the Betterware investor relations website at <https://investors.betterware.com.mx/> to view the financial results included in the letter to shareholders. The Company intends to continue to make future announcements of material financial and other information through its investor relations website. The Company will also, from time to time, disclose this information through press releases, filings with the Securities and Exchange Commission, conference calls, or webcasts, as required by applicable law.

About Betterware de Mexico S.A.P.I. de C.V. (NASDAQ: BWMX)

Founded in 1995, Betterware de Mexico is the leading direct-to-consumer company in Mexico focused on creating innovative products that solve specific needs regarding organization, practicality, space saving and hygiene within the household. Betterware's wide product portfolio includes home organization, kitchen, commuting, laundry and cleaning, as well as other categories that include products and solutions for every corner of the household.

The Company has a differentiated two-tier network of distributors and associates that sell their products through twelve catalogues per year. All products are designed by the Company and under the Betterware brand name through its different sources of product innovation. The Company's state-of-the-art infrastructure allows it to safely and timely deliver its products to every part of the country, backed by the strategic location of its national distribution center. Today, the Company distributes its products in Mexico and Guatemala, and has plans of additional international expansion.

Supported by its asset light business model and its three strategic pillars of Product Innovation, Business Intelligence and Technology, Betterware has been able to achieve sustainable double-digit growth rates by successfully expanding its household penetration and share of wallet.

Forward-Looking Statements

This press release includes certain statements that are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as "believe", "may", "will", "estimate", "continue", "anticipate", "intend", "expect", "should", "would", "plan", "predict", "potential", "seem", "seek", "future", "outlook", and similar expressions that predict or indicate future events or trends or that are not statements of historical matters. The reader should understand that the results obtained may differ from the projections contained in this document, as past results in no way offer any guarantee of future performance. For this reason, the Company assumes no responsibility for any indirect factors or elements beyond its control that might occur inside Mexico or abroad and which might affect the outcome of these projections.

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