BeFra

Second Quarter 2026 Earnings Conference Call

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CORPORATE PARTICIPANTS

Andres Campos, *President and Chief Executive Officer*

Raúl del Villar, *Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Douglas Lane, *Water Tower Research*

Eric Beder, *SCC Research*

Joseph Feldman, *Telsey Advisory Group*

PRESENTATION

Operator

Welcome to BeFra’s Second Quarter 2026 Earnings Conference Call.

Before BeFra’s Management begins their prepared remarks, please note the disclaimer regarding forward-looking statements on Slide 2. To remind participants that this call may contain forward-looking statements which are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Please consider these statements alongside the cautionary language and safe harbor statement in today's earnings release as well as the risk factors outlined in BeFra's SEC filings. BeFra undertakes no obligations to update any forward-looking statements.

A reconciliation of and other information regarding non-GAAP financial measures discussed on this call can also be found in the earnings release published earlier today as well as the Investors section of the Company's website.

Present on today's call are BeFra's President and Chief Executive Officer Andres Campos and Chief Financial Officer Raúl del Villar.

I will now turn the call over to Mr. Campos. Please begin.

Andres Campos

Thank you, Operator, and good afternoon, everyone. Thank you for joining our call today.

I am delighted to let you know that I am speaking to you from Sao Paulo, Brazil, where our Tupperware team is making great progress on our commercial and innovation strategies to revamp growth. I've been visiting and talking to our associates and distributors here and can feel a strong sense of trust in the brand's future with BeFra.

Turning to our results, I am also delighted to share that we delivered a strong second quarter, closing the first half of 2026 with improved performance across all of our brands. This quarter also represents a defining milestone in BeFra's history with the successful incorporation of Tupperware's Latin America operations, which, with only one month of results on our books, immediately contributed to our revenue and profitability.

Let's move to Slide 4 and dive into the highlights of these results.

Before we begin, let me clarify that throughout this presentation, we will refer to organic growth. This refers to Betterware and Jafra only, excluding Tupperware, to provide a like-for-like comparison with prior periods.

We delivered strong organic growth during the quarter, with revenue increasing 4.1% compared to the second quarter of last year and 5.7% compared to the first quarter of this year. The growing momentum of our commercial strategies at Betterware Mexico, our continued success in our Betterware LatAm expansion, and a sharp rebound to growth in Jafra Mexico, as we anticipated last quarter, all contribute to an increasing momentum of growth in BeFra's organic results, which is seen in this quarter's 4.1% increase compared to last quarter's growth of 0.3%.

Including Tupperware's first month of results, total revenue increased 16.8% in the quarter. We'll review in detail in a few slides, but having this contribution from the Tupperware acquisition, while our pro forma net debt to trailing 12-months EBITDA remains at 1.6 times as it was pre-acquisition, makes us confident that this acquisition is very valuable right off the bat. Tupperware has gained more momentum than we expected as the months go by in the year.

We are also pleased to see our organic stencil base return to growth during the quarter, an important indicator that reinforces the health of our commercial platform. At the same time, Tupperware expands our network by adding more than 300,000 independent sellers, significantly strengthening BeFra's commercial reach and providing a solid foundation for future growth.

On the next slide, we can see how our revenue mix continues to evolve as BeFra becomes a more diversified consumer products platform, with Tupperware already contributing 10.8% of the quarter's revenue, while we expect it to contribute almost a third going forward. On that same note, the incorporation of Tupperware expands our geographic footprint to an immediate presence in Brazil, increasing Latin America's contribution to consolidated revenue and decreasing our sole exposure to the Mexican market.

Now I'll hand the call over to Raúl so he can explain BeFra's key financials in detail.

Raúl del Villar

Thank you, Andres. Good afternoon, everyone. Turning to Slide 6, profitability remained strong. Organic EBITDA and net income decreased during the quarter, mainly due to a deliberate gross margin investment in Jafra Mexico and nonrecurring expenses associated with the Tupperware transaction. Without these items, organic EBITDA margin would have been approximately 19.3%, and organic net income would have been broadly in line with last year. We expect gross margin to normalize between Q3 and Q4.

Our overall organic profitability continues to strengthen as the year progresses, with first half EBITDA margin expanding to 17.5% compared to 17.2% in the first half of last year. On this same note, organic net income remains strong, growing 19.1% in the first half despite the temporary effects in the second quarter which we've mentioned. It is noteworthy to state that Jafra U.S. continues its profitability improvement, achieving a positive EBITDA margin for the quarter. Including Tupperware, total profitability increased our financial strength, with EBITDA growing 15% and net income growing 20.6% in the quarter.

Turning to Slide 7, cash generation remained strong during the quarter. We converted more than 70% EBITDA into free cash flow, and nearly 90% on a last-twelve-month basis, highlighting the strength of our business model and our disciplined financial management.

Turning to dividends, our Board remains committed to delivering value to Shareholders. Accordingly, we are increasing the quarterly dividend to 250 million pesos, reflecting the additional shares issued as part of the Tupperware acquisition, while further enhancing the value returned to Shareholders. This will mark our 26th consecutive quarter of dividend payments since our IPO.

Turning to Slide 8, the successful acquisition of Tupperware proves the strength of BeFra's financial position. Following the transaction, net debt to trailing 12-month EBITDA stands at 2.6 times, despite consolidating only one month of Tupperware's EBITDA while assuming the full acquisition debt. We are also presenting a pro forma net debt to trailing 12-month EBITDA ratio of 1.6 times, which comprises Tupperware's trailing 12-month EBITDA. It's important to point out that pre-acquisition we delivered more than 500 million pesos during the quarter, reducing our total debt to 4 billion pesos. This illustrates the strong financial position at which we stand post-acquisition, while we have added almost one-third of EBITDA without significantly changing our pre-acquisition leverage position. Note that the Tupperware acquisition was financed through $35 million of newly issued shares and $213 million of long-term debt.

Working capital remained well-managed during the quarter, with a shorter cash conversion cycle reflecting continued operational efficiency. Inventory levels increased modestly following strategic inventory purchases to strengthen supply chain resilience due to possible supply chain disruptions resulting from the Middle East conflict. It is also important to note that we are actively working on expanding payment terms with Tupperware's suppliers, from almost zero days to BeFra's standard 120 days. We expect this to make a strong one-time contribution to cash flow in the coming quarters. Beyond leverage, our asset-light business model continues to support attractive returns, with ROTA increasing to 23.3% and ROIC reaching 32.3%, further demonstrating our ability to generate value from the capital we deploy.

I will now pass the call back to Andres, who will provide an update on BeFra’s strategic pillars.

Andres Campos

Thank you, Raúl. Turning to Slide 9, our strategy continues to be guided by the same five pillars that have successfully driven BeFra's transformation and long-term growth. First, strengthen our leadership position in Mexico across Betterware, Jafra, and now Tupperware. This quarter marked another period of solid commercial execution for BeFra, with revenue growth across all our brands in Mexico.

Second, regional expansion, expanding our footprint to Brazil, the largest direct-selling market in Latin America, while sustaining strong growth across the Andean region and Guatemala, and continuing to build momentum at Jafra U.S.

Third, continue developing, strengthening, and expanding our portfolio of brands and product categories, as we are now doing with Tupperware.

Fourth, digital transformation, further enhancing our person-to-person business model through the successful rollout of our Salesforce CRM across Betterware and Jafra Mexico, and the Jafra Plus app scheduled to launch in the second half of the year.

And finally, financial discipline, the foundation supporting every strategic decision we make, underpinned by disciplined capital allocation, strong cash generation, and a healthy leverage profile. These pillars remain the framework guiding our strategic decisions and capital allocation going forward. With that framework in mind, we will now turn to our third pillar, new brands or categories.

Turning to Slide 10, the successful incorporation of Tupperware marks an important milestone in our strategy of developing and strengthening our portfolio through complementary brands and product categories. The strong initial performance of the business reinforces our confidence in the acquisition and validates our disciplined approach to capital allocation. More importantly, it demonstrates our ability to successfully integrate iconic brands and unlock long-term value for our Shareholders.

Turning to Slide 11, Tupperware delivered a strong first month as part of BeFra. Last year, Tupperware Mexico recorded extraordinary sales outside the direct selling channel. Excluding these sales, Tupperware's consolidated direct selling revenue across Mexico and Brazil grew nearly 30% year-over-year, underscoring the renewed confidence among our associates following the acquisition and the strength of the brand's commercial fundamentals.

On the same note, Tupperware Brazil decreased less than 7% in June versus last year, while the last two years had been marked by 10% to 15% declines quarter on quarter, signaling a rebound to growth. Including Tupperware's pro forma net income, trailing 12 months earnings per share is more than 36% higher than organic 12 months earnings per share, demonstrating the accretive nature of the acquisition.

Turning to our final slide, today's results reinforce the strength of BeFra's strategy and the opportunities that lie ahead. The successful incorporation of Tupperware further demonstrates our ability to execute strategic acquisitions while maintaining disciplined capital allocation. Following the transaction, we continue to maintain a healthy leverage profile, reinforcing the resilience of our balance sheet and our confidence in executing our disciplined deleveraging strategy.

At the same time, our core business continued to deliver solid organic growth across revenue, EBITDA, and net income, while Tupperware made an immediate positive contribution to the group's results. Together, these achievements reinforce our confidence in BeFra's ability to continue delivering sustainable and profitable long-term growth. BeFra today is a larger, more diversified, and financially stronger Company than ever before. We are excited about the opportunities ahead as we continue executing our strategy and creating long-term value for our Shareholders.

With that, Operator, we would be happy to take any questions. Thank you.

Operator

Thank you. We will now begin the question-and-answer session. [Operator Instructions]

Our first question comes from Doug Lane with Water Tower Research. Please proceed with your question.

Douglas Lane

Thank you. Good afternoon, everybody. Staying on Slide 11 here, you mentioned the EPS accretion from the Tupperware was 36.6%, and that is pro forma trailing 12 months. That does not really include any benefits from integration, right? Arguably, that number should go up from here.

Andres Campos

Hi, Doug. This is Andres. I will turn that question over to Raul so he can answer to you.

Douglas Lane

Thank you.

Raúl del Villar

Hi, Doug. Good afternoon. Good question. Thank you. You're correct. You're right. We are just using the historical numbers that Tupperware had over the last 12 months, so that does not include any synergies that we might get in the future.

Douglas Lane

Got it. Also, on Slide 11, you pointed out the non-direct selling channel sales that Tupperware does. That has been part of their strategy all along here. I guess, Andres, the question for you is, are you going to focus purely on the direct selling channel going forward with Tupperware?

Andres Campos

Hi, Doug. Yes, the answer is we're going to focus solely on the direct selling channel. As we have mentioned, in all of our brands we're focusing on the direct selling channel by evolving that channel through everything we've mentioned of digital transformation and the different things we've mentioned. We are totally abandoning those other revenues that Tupperware have. That, by the way, was basically all achieved between the second and third quarters. We used to rely more heavily between June and August, but the rest of the year, it's not as heavy as it seems here. For the full year, it wasn't too relevant.

Douglas Lane

Okay, that's helpful. I noticed in your release, you also mentioned Brazil improving to down 7% from down double digits, despite the discontinuation of sales to Argentina. Can you explain what's going on with Argentina? That was not Mexico or Brazil, but it's still a fairly sizable market. That is one of the markets that you're operating in, isn't it?

Andres Campos

Yes. The past owners of Tupperware, the party holding that sold us Tupperware LatAm, have given out a distribution license to a third party in Argentina that would end this September of 2026. We have noticed that that will not continue. We are still assessing what we will do, or more we are assessing when the right time is to go into Argentina. I think right now, our main focus is to grow Mexico and grow Brazil. I think that's what we should think about in the short term. Brazil and Mexico are the largest markets. We have a lot of opportunity there, and that's where most likely our focus is going to be. We are assessing what we do in Argentina and when we do it.

Douglas Lane

All right. that makes sense. There's plenty of opportunity in Mexico and Brazil, as you pointed out. Those two markets also have manufacturing capacity. Can you update us on what you found out here now that Tupperware has been part of BeFra for a month on manufacturing? What are the opportunities to move some manufacturing into those plants and absorb some excess capacity?

Andres Campos

As we mentioned before, the Mexican plant is at around 60% of use. The Brazilian plant is less than that. It's about 40% of use. The first focus is to grow Tupperware in these two markets, and that the Tupperware growth will start ramping up the usage of the capacity. As we mentioned, Tupperware Mexico is growing 30% in June. As we continue to accelerate the growth, and then we revamp the growth in Brazil, this is the first focus to revamp the use of capacity in the plants.

Now, that's the first focus, but at the same time we are just starting to assess the possibility of manufacturing some Betterware products in those plants. It's still early to say. I would not like to really say anything because we are really assessing what it means for the volume of the plant, if it's strategically the best thing to do. It's still early to tell.

Douglas Lane

Okay, makes sense. Thanks, Andres.

Andres Campos

Thank you, Doug. Thank you. Nice talking to you.

Operator

Thank you. Our next question comes from Eric Beder with SCC Research. Thank you. Eric, you may begin.

Eric Beder

Good afternoon. Congratulations on completing the acquisition. I want to talk about the core businesses. Another positive quarter for Betterware and another positive quarter, return to positive quarter, for Jafra. When you look at the back half and beyond, where do you see the changes that you're making in Jafra having more impact going forward? In terms of Betterware, you're seeing momentum of both distributors and the associate pool expanding. How should we be thinking about that, and the ability for those to both drive continued positive growth through 2026 and beyond? Thank you.

Andres Campos

Yeah. Hi, Eric. This is Andres. We think on the first hand, it's been a very positive and transformative quarter. Obviously, from the Tupperware acquisition happening and not only the fact that it was concluded, but the fact that only with one month of contribution to our results, it's already proving to be a very accretive and very valuable asset.

Now, in terms of Jafra and Betterware, Jafra, as we mentioned before, the reality was more that Q4 of last year and Q1 of this year were slightly affected by some tactical moves that we have made. We corrected those moves and now Q2 is back on the track of growth of where we were before. It's really a correction of that. But beyond that correction, we're still doing a lot of things at Jafra to achieve the full potential that it has. We continue to improve the innovation. We're rolling out the new technology. We're about to roll out the new Jafra Plus app, which, as you remember, is the Betterware Plus technology, but taken to Jafra. Among other things that we're doing strategically with Jafra so that it reaches its potential.

As we mentioned, when we acquired Jafra four years ago, it was the number 14 beauty brand in Mexico. Now, we closed last year at around number seven or six. There's still a good room to grow to make it obviously a top five or top three brand in Mexico and the U.S. as well. In terms of Betterware, you know, Betterware had grown so much in the past 10 years. It had grown 6 times or a little bit more than 6 times in the last 10 years. Betterware had to find this next wave of growth by innovating on some things. We have started to find which innovations we needed to make to take Betterware into that next wave of growth.

I'm not going to dive into the details, but there's different things that we have mentioned that imply this new wave of growth of Betterware. Fortunately, if you see the trend of Betterware Mexico, this is the third quarter that we're on a growth trend. It's starting just not to be a one quarter coincidence, but starting to be a sequence of growth. We are very happy about that. We think that this puts all three brands into growth mode again together. We expect that to continue going forward.

Operator

Our next question is from Joe Feldman with Telsey Advisory Group. Please proceed with your question.

Joseph Feldman

Yeah, thank you. Hi, Andres, congrats on a good quarter. I wanted to ask about the Jafra gross margin. You guys talked about a little bit of pressure related, I think, to price investments. I'm wondering if you could share a little more color on that, if that's going to continue in the second half of this year, or the price investments done at this point, and how much you think that may have contributed to the sales improvement that you saw. Thanks.

Andres Campos

Yeah, thanks, Joe. No, we normally invest in promotional activities. It was not a thorough price adjustment. It was more the promotional activities that we carry out. Normally, we have a bandwidth for margin. This quarter, the promotions were successful. It ended up slightly lower than we anticipated and than our historical levels, it was a one percentage point drop of a 73.5% or 74% margin typically. It was a slight correction this month because of deliberate actions that we took promotionally. But the corrections that we made were other things that don't have to do with the margin. We expect to come back to our typical margins of between 73.5% and 74.5% going forward. More or less, we should be there in the coming quarters. That's what we should expect.

Operator

Thank you. That concludes our question-and-answer portion of today's conference call. I would like to turn it back over to Management for closing remarks.

Andres Campos

Thank you again for joining us today. We are very glad to report this strong quarter where all our brands are returning to growth. We are adding the new Tupperware brand, which we're sure will result in another transformative era for BeFra. Thank you again and we look forward to talking to you soon.

Operator

Ladies and gentlemen, this concludes BeFra's Second Quarter 2026 Earnings Conference Call. We would like to thank you again for your participation. You may now disconnect.