



mabe

3Q22 RESULTS

CONTROLADORA MABE

MABE REPORTS A 2% INCREASE IN SALES.

Mexico City, October 28th, 2022 – Controladora Mabe S.A. de C.V. (“Mabe” or “the Company”) reports its results for the third quarter of 2022 (“3Q22”). The results are expressed in US dollars (US\$) unless stated otherwise. The Financial Statements have been prepared according to the requirements established by IFRS.

HIGHLIGHTS 3Q22

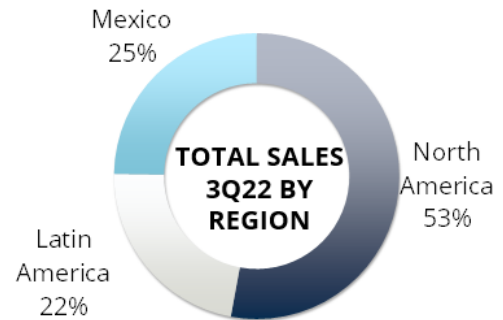
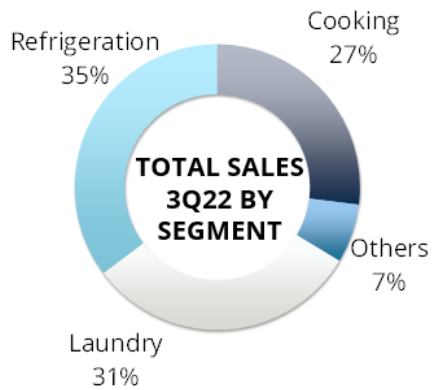
- **Volume** decreased **15%** in 3Q22
- **Sales** growth **2%** vs 3Q21, driven by the US and Argentina
- **EBITDA** increased **2%** vs 3Q21, which translates into an **EBITDA margin of 9.6%**
- **Net Debt** to EBITDA ratio (LTM) at **1.1** times and a Net interest coverage of **12.6** times
- **Seasonal WC cycle** increased; expected to reverse in 4Q22
- **Mabe completed** its liability management program

CONCEPT	3Q22	3Q21	Δ VS 2022
Volume	2,944	3,460	(14.9%)
Sales	1,108	1,082	2.4%
% SG&A	12.1%	11.0%	1.1 bps
EBITDAR	114	112	1.6%
EBITDAR Margin	10.2%	10.3%	
CapEx	39	36	
Net Debt	487	361	35%
Net Leverage *	1.1x	0.8x	
Net Interest Coverage *	12.6x	10.8x	

* Calculations do not consider IFRS 16, which affects the way leasing assets and liabilities are reported in the Balance Sheet.

INCOME STATEMENT

SALES



Total Mabe sales were distributed as follows: cooking products **27%**, refrigeration **35%**, laundry **31%**, and other products **7%**. Regarding the product demand, Mabe improved sales by **2%** in 3Q22 vs 3Q21.

During 3Q22, US sales accounted for **43%** of Mabe’s total sales. Canada's participation was **10%** and **25%** for Mexico that includes our international business. Regarding LATAM, its contribution accounted for **22%** including Mabe Cordoba’s figures (our new business in Argentina).

In the US, even though the volume is down compared to 2022, earnings are up, driven by a higher sales price than last year. We experienced a **3%** sales increase in 3Q22 vs 3Q21. Refrigeration rose **28%** Cooking declined **5%** and Laundry decreased **12%**.

In Canada, Mabe's sales decreased **2%** in 3Q22 vs 3Q21; the main driver was a reduction in volume and currency devaluation partially offset by improved price and mix of 7.9%. The industry declined 10.6% in the first two months of the quarter vs the same period prior year while Mabe saw a decline of 9.9%. The higher products sold were Ranges and refrigerators with a **7%** and **1%** increase respectively.

In Mexico, sales had a **12%** decline in 3Q22 vs 3Q21, with a better price performance of 11.5% in the 3Q22 vs 3Q21. The volume decline was the result of market slowdown. In addition, our distributors have been very cautious with their inventories managing their working capital.

In Central America, sales decreased **21%** compared to 3Q21. It was a quarter marked by a slowdown in the consumption of white goods which provoked a decline in the market.

In the Andean region, we continued to face a slowdown in market demand, due to political and social instability during the 3Q22. Our net sales have decreased **29%** vs 3Q21. This decrease has been driven mainly by Chile and Peru.

Argentina had a differentiated dynamic for each business line because of seasonality. The overall results were very good compared to 3Q21. In the laundry business, we achieved a growth in volume of **7.5%** vs 3Q21; price was built beyond the inflationary impulse of commodities. The refrigeration business presented positive results with a growth of **46%** in sales compared to 3Q21. Even though it was affected by the macroeconomic situation, these impacts were offset by the commercial synergy of new customers and price increases.

COGS AND GROSS MARGIN:

Cost of goods sold for **3Q22** reached **US\$915MM**, representing a **3% increase** compared to COGS in **3Q21**. Gross margin for **3Q22** was **17%**.

OPERATING EXPENSES:

Our **SG&A** for **3Q22** was **US\$133MM**. The SG&A during the quarter as a percentage of sales was **12.1%**, compared to **11.0%** last year.

OPERATING PROFIT AND EBITDAR:

Operating profit decreased from **US\$74MM** in 3Q21 to **US\$59MM** in 3Q22. **EBITDAR** totaled **US\$124MM**, showing an increase of **3%** when compared to 3Q21. The **EBITDAR** margin dropped from 10.3% to 10.2%.

COST OF FINANCING:

Our net interest showed a decrease of 6% and commission expenses increased as a result of the premium paid to bondholders who participated in the July tender offer for our 2028 bond, resulting in **US\$24MM**.

Balance Sheet

CASH:

We maintained a cash on hand of **US\$136MM** in **3Q22**.

WORKING CAPITAL:

We had a negative working capital of **US\$88MM** in 3Q22. This result responded to the following: first, our **accounts receivables** decreased **US\$35MM**. Second, we had a decline of **US\$31MM** in **inventories**. Finally, our **accounts payables** were down **US\$154MM**. The deleverage in accounts payable is attributable to actions taken in the third quarter to improve inventory levels; we have cancelled orders from suppliers to align inventory levels with forecasted demand.

CAPEX:

CapEx for 3Q22 was **US\$39MM** vs **US\$36MM** for 3Q21. We allocated **40%** for maintenance and **60%** towards new projects.

We deployed funds as follows:

- For Laundry products, we continue investing in the Commercial S2, which is a product to be exported to GE.
- For Refrigeration we are investing in a new product with the following characteristics
 - Conversion to low impact on environment refrigerant R600 for the US, Canada & LATAM
 - New bottom freezer for LATAM (300Lts)

- For our Cooking business we are investing in our new product named Halia which is a fully renovated 30" range for Latin America.

We continue investing in automation to eliminate bottlenecks in all our plants.

DEBT STRUCTURE:

At the end of 3Q22, the **Gross debt** reached **US\$623MM**. The **average life** of our debt is **3.5 years**.

Net debt increased **35%**, from **US\$361MM** to **US\$487MM** in 3Q22. Net leverage at 3Q22 was **1.1x** and Net Interest Coverage stood at **12.6x**, well within our covenants.

The above mentioned covenants have been calculated without considering the effects of IFRS16.

US\$MM	3Q22	3Q21	Δ VS 2022
Gross Debt	623	628	(1%)
Net Debt	487	361	35%
Short-Term Debt	176	44	302%
Long-Term Debt	447	584	(23%)
Net Debt/EBITDA	1.1x	0.8x	(0.3x)

Annex

Consolidated Condensed Income Statement (Unaudited)

US\$MM	3Q22	3Q21	YTD22	YTD21
Net Sales	1,108	1,082	3,298	2,968
COGS	915	889	2,717	2,412
Gross Income	193	193	581	555
SG&A	133	119	387	343
Operating Income	59	74	194	212
Net Interest (Income) / Expense	10	11	31	33
Commissions	16	1	18	2
FX (Gain) / Loss	(2)	(4)	(0)	(8)
Net Financing Cost	24	8	48	27
Income / (Loss) Before Income Tax	35	66	145	186
Income Tax Expense	11	21	44	55
Consolidated Net Income / (Loss)	24	46	101	130

Consolidated Condensed Balance Sheet (Unaudited)

US\$MM	3Q22	3Q21
ASSETS		
Current Assets		
Cash and Cash Equivalents	136	267
Accounts Receivables, net	429	502
Tax Receivables	129	168
Inventories, net	562	482
Total Current Assets	1,256	1,419
Net PP&E	1,054	836
Goodwill	242	210
Asset for Leases L.P.	60	50
Deferred Taxes	37	77
Other Assets, net	530	522
Total Assets	3,178	3,113
LIABILITIES		
Current Liabilities		
Current Maturities of LT Debt & ST Debt	176	44
Notes and Accounts Payables to Suppliers	1,160	1,216
Other Accounts Payables and Accrued Liabilities	175	207
ST Liabilities for Leases	6	6
Income Tax Payable	80	113
Total Current Liabilities	1,597	1,587
Long-Term Debt	447	584
Employee Retirement Obligations	40	38
LT Liabilities for Leases	56	47
Other LT Liabilities	22	30
Total Liabilities	2,162	2,287
Total Equity	1,016	826
Total	3,178	3,113

Consolidated Condensed Statement of Cash Flows (Unaudited)

US\$MM	3Q22	3Q21
Operating activities:		
Income before income taxes	145	185
Items related to investing activities:		
Depreciation and amortization	150	113
(Gain) / loss on sale of fixed assets	1	(0)
Employee Benefit	5	2
Goodwill	(13)	0
Leases IFRS 16	(22)	(20)
Items related to financing activities:		
Interest income	(8)	(4)
Interest expense	56	39
Exchange fluctuation	(0)	(8)
	315	307
(Increase) decrease:		
Accounts receivable	(18)	(139)
Inventories	(40)	(181)
Increase (decrease):		
Notes and accounts payable to suppliers	(173)	183
Other payables and accrued liabilities	17	85
Income taxes	(56)	(87)
Net cash flow provided by operating activities	44	169
Investing activities:		
Acquisitions of property, plant and equipment	(44)	(37)
Acquisitions other assets	(64)	(55)
Net cash flow used in investing activities	(108)	(93)
(Decrease) / increase in cash to apply to financing activities	(64)	76
Financing activities:		
Borrowings	1,614	435
Payment of debt	(1,613)	(493)
Interest paid	(32)	(28)
Interest collected	8	4
Dividend payment	(22)	(18)
Net cash flow provided by / (used in) financing activities	(46)	(100)
Adjustment to cash flows due to exchange rate fluctuations	(36)	(22)
Net increase / (decrease) in cash and cash equivalents	(146)	(46)
Cash and cash equivalents at beginning of year	282	313
Cash and cash equivalents at end of period	136	267

CONFERENCE CALL

DATE

Friday, October 28th, 2022
9:00 AM - Mexico City Time
10:00 AM - New York Time

SPEAKERS

José Calvillo, CFO
Mauricio Gil, Finance Director
Florencia de la Fuente, Treasury and IR Manager

Please register in advance for this webinar:

https://us02web.zoom.us/webinar/register/WN_PQ1yEBzFQ6SmBdW1mGcaTQ

After registering, you will receive a confirmation email containing the details required to join the webinar.



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COMMENTS ON OUR FINANCIAL STATEMENTS

This Press Release contains our unaudited condensed consolidated financial statements as of March 31st, 2022 and March 31st, 2021. Figures for 2021 included in the presentation are audited, therefore they may change vs preliminary figures released on February 4, 2022. The consolidated figures for 2022 include the new investment in Argentina executed in December 2021. The consolidated figures for 2021 do not include such investment.

In 2021, several Mexican companies were merged. As a result of such merger Mabe international will be consolidated in the Mexican results. Since January 1st, 2010 we have prepared our condensed financial statements in U.S. Dollars, which represent the functional currency applicable to Controladora Mabe. Other periods were translated by using the average foreign exchange rate of the reported period for income statement accounts. Furthermore, since January 1st, 2012, our financial statements are reported in accordance with the International Financial Reporting Standards, referred to as "IFRS". Before January 1st, 2012 our condensed financial statements were prepared according to the Mexican Financial Reporting Standards, referred to as "MFRS". MFRS differs in certain significant respects from IFRS and from the generally accepted accounting principles applied in the United States, referred to as "U.S. GAAP". The latter might be material to the financial information contained herein. We have not prepared a reconciliation of our financial statements and related notes from IFRS to MFRS, MFRS to U.S. GAAP or IFRS to U.S. GAAP and we have not quantified those differences; therefore, we cannot assure that a reconciliation would not identify material quantitative differences. EBITDA is not a measure of financial performance under IFRS and should not be considered as an alternative to net income or operating income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. You should review EBITDA, along with net income and cash flow from operating activities, investing activities and financing activities, when trying to understand our operating performance.

IFRS 16 became effective January 1st, 2019, this new standard affects the way leasing assets and liabilities are reported in the Balance Sheet and Profit & Loss Statement.

In the P&L leases expenses no longer be an operating expense and is recognized as depreciation and interest expense separately, which has a positive impact on EBITDA and increase in depreciation and financial costs.

All financial information, including its calculations and data, are deemed to be accurate, but accuracy is not guaranteed, therefore, they are not guaranteed by Mabe or its affiliates and subsidiaries. Past performance is not an indicator whatsoever of future results.

INDUSTRY & MARKET DATA

Certain data and other statistical information used throughout this Press Release are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Other data is based on our estimates, which are derived from our review of internal surveys, as well as independent sources. Our

estimates for South America and Central America are based exclusively on our beliefs and information we have obtained ourselves and not from independent sources. Although we believe our sources are reliable, we have not independently verified the information and cannot guarantee its accuracy or completeness. All market share information presented in this press release is based on unit sales.