



# EARNINGS RELEASE

## 3Q23

**Stock Price as of Oct 27th, 2023:**  
**\$116.9**

**Outstanding Shares:** 346.3 million

Lower revenues due to normalization of demand.

Net debt to EBITDA ratio of 1.4x and investments of \$1,991 million pesos.

Income Statement	3 Q			3 Q			YTD			YTD		
	2022	2023	Var %	2022	2023	Var %	2022	2023	Var %	2022	2023	Var %
Net Sales	9,082	7,660	-16%	26,878	23,823	-11%						
Cost of Sales	5,247	4,397	-16%	15,266	13,418	-12%						
Gross Profit	3,835	3,263	-15%	11,612	10,405	-10%						
Gross Margin	42%	43%		43%	44%							
Operating Expenses	2,102	1,993	-5%	6,185	6,243	1%						
Operating Income	1,558	1,198	-23%	5,295	4,132	-22%						
Operating Margin	17%	16%		20%	17%							
EBITDA	1,952	1,502	-23%	6,222	5,055	-19%						
EBITDA Margin	21%	20%		23%	21%							
Comprehensive Financing Result	343	518	51%	603	-21							
Net Income	744	501	-33%	3,190	2,812	-12%						
Net Margin	8%	7%		12%	12%							

Results for Grupo Lamosa at the close of this year's third quarter once again reflected the normalization of demand after two years in which home remodeling was one of the primary targets of consumer spending, prompted by the lockdowns imposed during the COVID-19 pandemic.

Sales breakdown	México			Foreign			Total		
	sep-22	sep-23	Var %	sep-22	sep-23	Var %	sep-22	sep-23	Var %
Sales	15,356	14,662	-5%	11,523	9,161	-20%	26,878	23,823	-11%
EBIT	3,183	3,354	5%	2,112	778	-63%	5,295	4,132	-22%
Dep. & Amort. and Others	527	635	20%	400	288	-28%	927	923	0%
EBITDA	3,710	3,989	8%	2,512	1,066	-58%	6,222	5,055	-19%
%	<b>24%</b>	<b>27%</b>		<b>22%</b>	<b>12%</b>		<b>23%</b>	<b>21%</b>	

Sales breakdown	México			Foreign			Total		
	3Q-22	3Q-23	Var %	3Q-22	3Q-23	Var %	3Q-22	3Q-23	Var %
Sales	5,064	4,821	-5%	4,018	2,838	-29%	9,082	7,660	-16%
EBIT	877	993	13%	681	205	-70%	1,558	1,198	-23%
Dep. & Amort. and Others	241	207	-14%	152	96	-37%	394	304	-23%
EBITDA	1,118	1,200	7%	834	302	-64%	1,952	1,502	-23%
%	<b>22%</b>	<b>25%</b>		<b>21%</b>	<b>11%</b>		<b>21%</b>	<b>20%</b>	

**San Pedro Garza García, Nuevo Leon, Mexico, October 27, 2023.** Grupo Lamosa announces its results related to the third quarter of 2023.

Figures in millions of Mexican Pesos. Figures may vary due to rounding. Figures calculated under International Financial Reporting Standards.

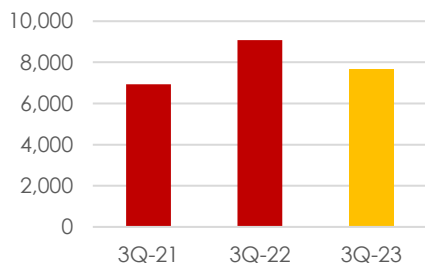
**SALES**

Sales in the year to date as of the close of the third quarter totaled MXN 23.82 billion, an 11% reduction from the same period of 2022. A contraction in the industries the company serves, both in Mexico and in other countries where Grupo Lamosa operates, caused a drop in consolidated revenues.

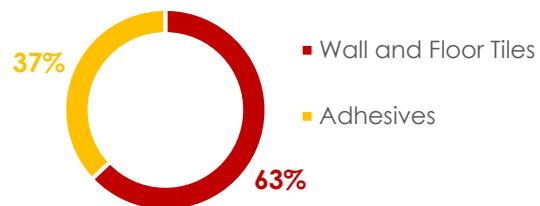
Domestic sales in the first nine months of the year came to MXN 14.66 billion, which was 5% below the amount reported for the same period of last year, and accounted for 62% of total sales.

**Sales**

(million pesos)



**Sales 3Q-23**

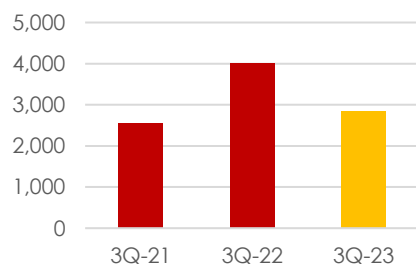


**FOREIGN SALES**

Sales outside of Mexico totaled MXN 9.16 billion in the year to date as of the end of September, a 20% reduction from those of the first nine months of 2022, and 38% of total sales.

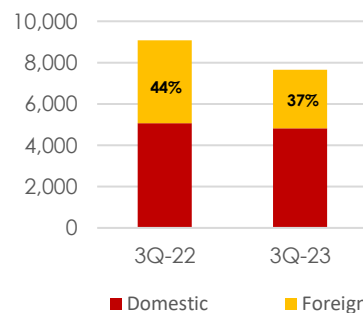
**Foreign Sales**

(million pesos)



**Sales Breakdown**

(million pesos)



## PERFORMANCE PER BUSINESS SEGMENT

The results of Grupo Lamosa's businesses at the end of the third quarter of the year are shown below.

	Wall and Floor Tiles			Adhesives			Total		
	sep-22	sep-23	Var %	sep-22	sep-23	Var %	sep-22	sep-23	Var %
Sales	20,128	16,909	-16%	6,703	6,914	3%	26,878	23,823	-11%
EBIT	4,072	2,705	-34%	1,270	1,516	19%	5,295	4,132	-22%
Dep. & Amort. and Others	759	695	-8%	100	155	54%	927	923	0%
EBITDA	4,831	3,399	-30%	1,370	1,671	22%	6,222	5,055	-19%
%	<b>24%</b>	<b>20%</b>		<b>20%</b>	<b>24%</b>		<b>23%</b>	<b>21%</b>	

	Wall and Floor Tiles			Adhesives			Total		
	3Q-22	3Q-23	Var %	3Q-22	3Q-23	Var %	3Q-22	3Q-23	Var %
Sales	6,708	5,277	-21%	2,326	2,382	2%	9,082	7,660	-16%
EBIT	1,162	677	-42%	425	552	30%	1,558	1,198	-23%
Dep. & Amort. and Others	339	224	-34%	34	55	61%	394	304	-23%
EBITDA	1,501	901	-40%	459	607	32%	1,952	1,502	-23%
%	<b>22%</b>	<b>17%</b>		<b>20%</b>	<b>25%</b>		<b>21%</b>	<b>20%</b>	

## WALL AND FLOOR TILES

In January-September of this year, sales in the floor and wall tile business came to MXN 16.91 billion, 71% of total sales and 16% lower than sales in the same period of last year. This reduction can be attributed to a slowdown in home construction and remodeling, not just in Mexico but in other countries where Grupo Lamosa is present as well.

## ADHESIVES

The adhesives business, which includes Fanosa operations, reported revenues totaling MXN 6.91 billion at the close of the third quarter, 29% of total Group revenues and 3% higher than sales in the first nine months of 2022.

## OPERATING INCOME

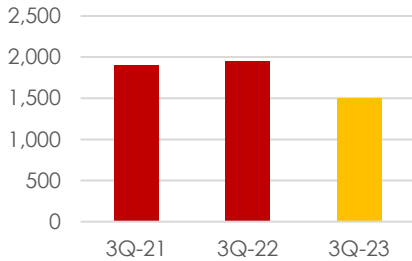
Lower company revenues meant a reduction in operating income as well, to MXN 4.13 billion in the year to date as of September, down 22% from the year-earlier period, and a margin of 17% of sales.



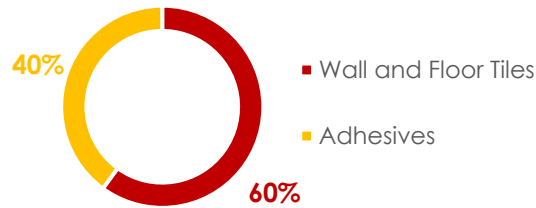
EBITDA was MXN 5.05 billion pesos in the first nine months of the year and declined 19% from the same period of last year; the EBITDA margin was 21% of sales.

### EBITDA

(million pesos)



### EBITDA 3Q-23



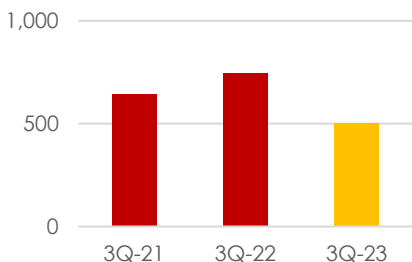
### NET INCOME

The peso's strength against the US dollar—appreciating about 9% by the close of the third quarter—had a positive impact on comprehensive financing result, which amounted to a benefit of MXN 21 million, turning around from an expense of MXN 603 million at the close of the third quarter of 2022. Specifically, foreign-exchange gains totaled MXN549 million this year, well above the MXN 25 million gain reported for the first nine months of 2022.

Net income for the first three quarters of the year was favored by this improvement in the comprehensive financing result, because it offset some of the impact of lower operating results. The company reports net profits of MXN 2.81 billion in the year to date as of September 30, a 12% decline from the same period of last year and a net margin of 12% of sales, basically unchanged on a year-over-year basis.

### Net Income

(million pesos)



### Net Comprehensive Financing Cost

	YTD		Var %
	3Q-22	3Q-23	
Net Financial Expense	375	406	8%
Exchange (Gain) Loss	-25	-549	
Others	253	122	
	<b>603</b>	<b>-21</b>	

## FINANCIAL PERFORMANCE

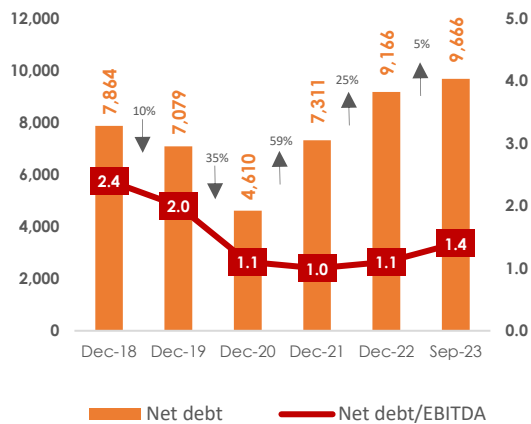
Grupo Lamosa's cash flow generation capacity and its healthy financial structure enabled it to continue its investment plan while keeping appropriate debt leverage for sustaining company growth. Investments in the first nine months of the year totaled MXN 1.99 billion, which went primarily to keeping productive plants and information technology up to date.

One of the third-quarter highlights was the company's announcement of an agreement to acquire Baldocer in Spain, which should be formalized by the end of this year. The acquisition will help bolster Grupo Lamosa's position in Europe and other key markets.

Consolidated net debt for Grupo Lamosa at the close of the third quarter of the year came to MXN 9.67 billion, a 5% increase compared to the net debt of MXN 9.17 reported at year-end 2022. The net debt to EBITDA ratio was 1.4 times at the end of this year's third quarter, compared to 1.1 times at the end of 2022.

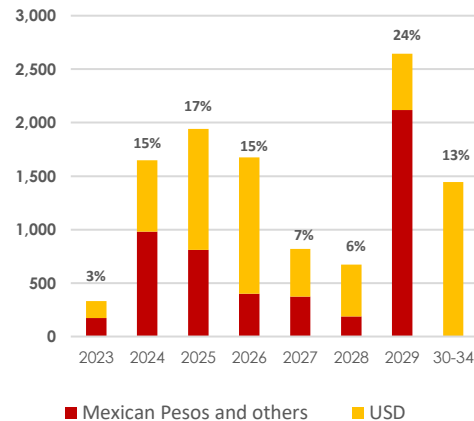
### Consolidated net debt

(million pesos)



### Maturity banking debt profile

Sep-23



Grupo Lamosa's strategy of growth and diversification in recent years has allowed it to double its sales in the past four years and become a benchmark in the global ceramics industry.

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