

# Analysis of the Financial Year Ended December 31, 2024

In 2024, consolidated net sales reached a record \$37.425 billion, up 3.3% from the previous year. This performance reflects the sector's resilience in a macroeconomic environment characterized by stable domestic consumption despite inflation and the economic slowdown.

During the year, sales in the Conservas' segment remained stable, reaching \$28.945 billion, representing a slight growth of 0.4%. This result is largely due to the good performance of categories such as vegetables, spices and ground tomato, which together offset the lower volume of mayonnaise during the fourth quarter. The price club and self-service channels were the best performers throughout the year.

For the full year, Impulso's sales grew 9.1%, reaching \$5.102 billion. During 2024, Helados Nestlé sales were boosted by the good performance in

convenience and Take-Home products in self-service, while in retail the recovery continued with a sustained increase in store visits and average ticket, particularly in Cielito Querido Café.

Export sales totaled \$3.378 billion, a growth of 24.7% compared to 2023. In dollar terms, sales grew 4.6% in the quarter and 20.7% in the year to date. Throughout 2024, the best performing categories were salsas, mole and mayonnaise, the latter standing out for its expanded distribution in new regions of the United States.



At the end of the year, Conservas represented 80%, Impulso 13% and Export 7% of total net sales, a mix very similar to that recorded in 2023.

Consolidated gross margin increased 1.1 percentage points to 40.0%. In Canned Foods, the margin grew 1.1 percentage points to 39.4%, driven by higher volumes and a reduction in key raw material costs, mainly soybean oil, during the first three quarters of the year. The margin expansion trend in Impulso continued for the fourth consecutive year, closing the year at 60.1%. In Export, gross profit doubled compared to the previous year, reaching a margin of 14.1%, 4.5 percentage points above year-end 2023. This result was driven by the aforementioned increase in mayonnaise and sauces sales volume and a favorable exchange rate.

Consolidated general expenses represented 26.0% of net sales, 0.9 percentage points higher than in 2023. This increase was mainly due to commercial initiatives aimed at stimulating demand, as well as expenses related to store maintenance in the Impulso segment.

Operating income grew 5.1% to \$5.28 billion, with a margin of 14.1%, 0.2 percentage points higher than in 2023. This performance is mainly attributable to the recovery of the gross margin in canned foods and the expansion of margins in exports.

Net comprehensive financing cost amounted to \$804 million, 10.4% higher than in 2023 due to a higher foreign exchange loss generated by the revaluation of liabilities at the period-end exchange rate.

Equity in income of associates totaled \$409 million, a reduction of 47.0%, mainly due to gross margin pressure from the increase in the cost of avocados and the slowdown in the rate of growth of sales in MegaMex.

Consolidated net income and majority net income grew 0.7% and 3.0%, closing at \$3.348 billion and \$1.360 billion, respectively. The consolidated and majority net margins were 8.9% and 3.6%, respectively.

Earnings before interest, taxes, depreciation, amortization, depreciation and amortization (EBITDA) for the year totaled \$6.529 billion, 5.1% higher than in 2023, and represented 17.4% of net sales, 0.3 percentage points higher than in the previous year.

Net investment in assets totaled \$636 million and was mainly allocated to the digital transformation project and the implementation of the new ERP, the reconversion of packaging in the Doña María mole line, the opening of stores, and the installation of the new long pasta line.

As of December 31, 2024, the cash position reached \$3,287 million, \$1,301 million more than in 2023. Consolidated financial debt decreased to \$9.5 billion.

Free cash flow amounted to \$3,657 million, \$472 million above the previous year. This was mostly due to improvements in working capital, which allowed us to use \$487 million to pay dividends and \$395 million to repurchase shares.

At the end of the year, debt was 100% Mexican peso-denominated, of which 63% was fixed-rate. In addition, 42% of consolidated debt is linked to sustainability. In 2024, water consumption per ton produced was 2.06 m<sup>3</sup>/ton, 1.9% below the target of 2.10 m<sup>3</sup>/ton established under the HERDEZ 22-2L and HERDEZ 22L sustainability-linked bond. Consolidated net debt to EBITDA was 1.1 times, while net debt to consolidated stockholders' equity remained at 0.4 times.

The annual shareholder return considering dividends and share repurchases was 5.3%.

