

Grupo Herdez, S. A. B. de C. V. and subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands of Mexican pesos)

Assets	As at 31 December	
	2020	2019
Current assets:		
Cash and cash equivalents	Ps. 3,680,580	Ps. 2,309,507
Accounts receivable:		
Trade (Notes 6 and 9)	2,997,265	3,173,045
Debtors (Note 9)	144,834	141,493
Recoverable value added tax	965,279	967,471
Recoverable income tax	46,338	7,286
Related parties (Note 7)	326,208	247,305
	<u>4,479,924</u>	<u>4,536,600</u>
Inventories (Note 8)	3,370,027	3,990,972
Derivative financial instruments (Note 5)	41,250	52,860
Prepaid expenses	68,999	84,716
Total current assets	<u>11,640,780</u>	<u>10,974,655</u>
Non-current recoverable taxes	360,612	-
Property, machinery and equipment (Note 10)	4,795,709	5,540,290
Right-of-use assets (Note 16)	955,356	1,007,375
Equity investment in associates (Note 12)	7,258,169	7,186,573
Intangible assets and goodwill (Note 11)	7,062,145	7,229,839
Deferred income tax (Note 18)	1,428,682	1,077,563
Other assets	73,200	65,139
Total assets	<u>Ps. 33,574,653</u>	<u>Ps. 33,081,434</u>

The accompanying notes are an integral part of these financial statements.

Grupo Herdez, S. A. B. de C. V. and subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands of Mexican pesos)

Liabilities and equity	2020	2019
Current liabilities:		
Suppliers	Ps. 2,656,591	Ps. 2,455,053
Creditors	1,582,720	1,549,629
Related parties (Note 7)	84,695	77,432
Derivative financial instruments (Note 5)	72,709	19,245
Income tax payable	17,608	170,649
Lease liabilities (Note 16)	360,504	303,818
Employee profit sharing payable	32,522	52,095
Total current liabilities	4,807,349	4,627,921
Non-current liabilities:		
Notes payable (Note 14)	9,456,112	7,960,373
Long-term debt (Note 14)	5,925	7,644
Lease liabilities (Note 16)	471,096	587,208
Deferred income tax (Note 18)	1,049,037	1,273,795
Income tax from tax consolidation (Note 18)	77,487	113,013
Employee benefits (Note 17)	371,184	263,824
Total non-current liabilities	11,430,841	10,205,857
Total liabilities	16,238,190	14,833,778
Equity (Note 19):		
Share capital	575,625	575,625
Reserve for repurchase of shares	2,661,845	453,150
Retained earnings	3,204,797	6,282,338
Legal reserve	141,862	141,862
Share premium	135,316	135,316
Unrealized gain on valuation of financial instruments	12,810	44,683
Cumulative translation adjustment	489,896	340,995
Attributable to equity holders of the parent	7,222,151	7,973,969
Attributable to non-controlling interests	10,114,312	10,273,687
Total equity	17,336,463	18,247,656
Contingencies and commitments (Notes 27 and 28)		
Subsequent events (Note 29)		
Total liabilities and equity	Ps. 33,574,653	Ps. 33,081,434

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Grupo Herdez, S. A. B. de C. V. and subsidiaries

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Amounts in thousands of Mexican pesos)

	For the year ended 31 December	
	2020	2019
Net sales (Note 20)	Ps. 24,036,279	Ps. 22,420,369
Cost of sales (Note 21)	15,048,082	13,787,485
Gross profit	8,988,197	8,632,884
General expenses:		
Selling (Note 22)	5,267,538	4,960,707
Administrative (Note 22)	873,647	825,232
	6,141,185	5,785,939
Profit before other income and expenses	2,847,012	2,846,945
Other income, net (Note 23)	407,708	142,957
Operating profit	3,254,720	2,989,902
Net financing cost:		
Interest income and foreign exchange gain (Note 24)	768,577	308,390
Interest expense and foreign exchange loss (Note 24)	(1,438,161)	(920,518)
Net financing cost	(669,584)	(612,128)
Share of profit of associates (Note 12)	756,978	775,933
Profit before income tax	3,342,114	3,153,707
Income tax (Note 18)	973,658	929,665
Consolidated net profit for the year	2,368,456	2,224,042
Net profit of equity holders of the parent	827,960	1,014,497
Net profit attributable to non-controlling interests	1,540,496	1,209,545
Consolidated net profit	2,368,456	2,224,042
Basic and diluted earnings per share (Note 26)	Ps. 2.168	Ps. 2.475

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Grupo Herdez, S. A. B. de C. V. and subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands of Mexican pesos)

	For the year ended 31 December	
	2020	2019
Consolidated net profit for the year	Ps. 2,368,456	Ps. 2,224,042
Items not to be reclassified to profit or loss:		
Actuarial loss on labor obligations, net of taxes	(64,891)	(57,551)
Items that may be subsequently reclassified to profit or loss:		
Foreign currency translation reserve	297,802	(184,215)
Unrealized (loss)/gain on derivative financial instruments	(74,357)	142,219
Unrealized (loss)/gain on investments	(97,505)	50,635
Consolidated comprehensive income	Ps. 2,429,505	Ps. 2,175,130
Comprehensive income attributable to non-controlling interests	1,630,831	1,200,371
Comprehensive income of equity holders of the parent	798,674	974,759
Consolidated comprehensive income	Ps. 2,429,505	Ps. 2,175,130

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Grupo Herdez, S. A. B. de C. V. and subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

31 December 2020 and 2019

(Amounts in thousands of Mexican pesos)

	Share capital	Reserve for repurchase of shares	Retained earnings	Legal reserve
Balance as at 31 December 2018	Ps. 575,625	Ps. 616,506	Ps. 6,443,803	Ps. 141,862
Contributions to the repurchase fund	-	737,423	(737,423)	-
Reserve for repurchase of outstanding shares (Note 19b)	-	(900,779)	-	-
Dividends declared (Note 19d)	-	-	(449,856)	-
Decrease in share capital attributable to non-controlling interests (Note 19c)	-	-	-	-
	-	(163,356)	(1,187,279)	-
Comprehensive income (Note 3):				
Net profit for the year	-	-	1,014,497	-
Foreign currency translation reserve	-	-	-	-
Unrealized gain on valuation of derivative financial instruments, net of income tax	-	-	-	-
Unrealized gain on valuation of investments, net of income tax	-	-	50,635	-
Actuarial loss on employee benefit obligations, net of income tax	-	-	(39,318)	-
Comprehensive income for the year	-	-	1,025,814	-
Balance as at 31 December 2019	575,625	453,150	6,282,338	141,862
Contributions to the repurchase fund	-	3,341,132	(3,341,132)	-
Reserve for repurchase of outstanding shares (Note 19b)	-	(1,132,437)	-	-
Dividends declared (Note 19d)	-	-	(418,055)	-
Decrease in share capital attributable to non-controlling interests (Note 19c)	-	-	-	-
	-	2,208,695	(3,759,187)	-
Comprehensive income (Note 3):				
Net profit for the year	-	-	827,960	-
Foreign currency translation reserve	-	-	-	-
Unrealized loss on valuation of derivative financial instruments, net of income tax	-	-	-	-
Unrealized loss on valuation of investments, net of income tax	-	-	(97,505)	-
Actuarial loss on employee benefit obligations, net of income tax	-	-	(48,809)	-
Comprehensive income for the year	-	-	681,646	-
Balance as at 31 December 2020	Ps. 575,625	Ps. 2,661,845	Ps. 3,204,797	Ps. 141,862

The accompanying notes are an integral part of these financial statements.

Grupo Herdez, S. A. B. de C. V. and subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

31 December 2020 and 2019

(Amounts in thousands of Mexican pesos)

Share premium	Cumulative effect of unrealized (loss)/gain on financial instruments	Cumulative translation adjustment	Attributable to equity holders of the parent	Attributable to non-controlling interests	Total equity
Ps. 135,316	Ps. (6,303)	Ps. 443,036	Ps. 8,349,845	Ps. 9,899,802	Ps. 18,249,647
-	-	-	-	-	-
-	-	-	(900,779)	-	(900,779)
-	-	-	(449,856)	(813,418)	(1,263,274)
-	-	-	-	(13,068)	(13,068)
-	-	-	(1,350,635)	(826,486)	(2,177,121)
-	-	-	1,014,497	1,209,545	2,224,042
-	-	(102,041)	(102,041)	(82,174)	(184,215)
-	50,986	-	50,986	91,233	142,219
-	-	-	50,635	-	50,635
-	-	-	(39,318)	(18,233)	(57,551)
-	50,986	(102,041)	974,759	1,200,371	2,175,130
135,316	44,683	340,995	7,973,969	10,273,687	18,247,656
-	-	-	-	-	-
-	-	-	(1,132,437)	-	(1,132,437)
-	-	-	(418,055)	(1,795,875)	(2,213,930)
-	-	-	-	5,667	5,667
-	-	-	(1,550,492)	(1,790,208)	(3,340,700)
-	-	-	827,960	1,540,496	2,368,456
-	-	148,901	148,901	148,901	297,802
-	(31,873)	-	(31,873)	(42,482)	(74,355)
-	-	-	(97,505)	-	(97,505)
-	-	-	(48,809)	(16,082)	(64,891)
-	(31,873)	148,901	798,674	1,630,833	2,429,507
Ps. 135,316	Ps. 12,810	Ps. 489,896	Ps. 7,222,151	Ps. 10,114,312	Ps. 17,336,463

Grupo Herdez, S. A. B. de C. V. and subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands of Mexican pesos)

	2020		2019	
Operating activities				
Consolidated profit before income tax	Ps.	3,342,114	Ps.	3,153,707
Adjustments for:				
Depreciation and amortization		942,710		827,625
Fishing equipment maintenance		70,872		119,433
Gain on sale of property, machinery and equipment		(183,852)		(88,401)
Net periodic benefit expense of employee benefits		44,936		33,706
Interest income		(174,670)		(145,955)
Share of profit of associates		(756,978)		(775,933)
Loss on sale of shares		2,750		-
Gain on sale of brand		(68,053)		-
Realized gain on investment funds		(168,140)		-
Other expenses not requiring cash flows		104,802		35,028
Employee profit sharing		33,952		52,920
Interest expense		906,811		724,314
Total		<u>4,097,254</u>		<u>3,936,444</u>
Changes in operating assets and liabilities:				
Accounts receivable		136,151		(214,382)
Inventories		564,083		(363,572)
Related parties, net		(71,612)		3,652
Prepaid expenses and recoverable taxes		(403,613)		(291,788)
Suppliers		202,436		297,404
Other accounts payable and creditors		(119,593)		338,185
Income tax paid		(1,572,907)		(1,010,076)
Net cash flows from operating activities		<u>2,832,199</u>		<u>2,695,867</u>
Investing activities				
Other equity investments		(16,988)		416
Realized gain on investment funds		223,435		-
Sale of shares		133,811		-
Sale of brand		68,053		-
Business acquired		-		(324,749)
Dividends received		811,196		446,447
Interest income		174,670		145,955
Purchase of property, machinery and equipment		(549,594)		(754,269)
Proceeds from sale of property, machinery and equipment		849,078		138,679
Purchase of intangible assets		(160,908)		(271,288)
Net cash flows from/(used in) investing activities		<u>1,532,753</u>		<u>(618,809)</u>

To be continued >

Grupo Herdez, S. A. B. de C. V. and subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands of Mexican pesos)

	2020	2019
Financing activities		
Issue of structured notes	3,500,000	-
Bank loans obtained	1,500,000	2,400,000
Bank loans repaid	(1,500,000)	(830,000)
Repayment of structured note loan	(2,000,000)	(200,000)
Other non-current liabilities	(5,980)	(40,241)
Purchase of non-controlling interests	-	(13,068)
Repurchase of shares	(1,132,437)	(900,779)
Interest paid	(776,563)	(599,943)
Dividends paid	(2,213,930)	(1,263,274)
Lease liabilities paid	(381,638)	(338,373)
Net cash flows used in financing activities	(3,010,548)	(1,785,678)
Net increase in cash and cash equivalents	1,354,404	291,380
Net foreign exchange difference	16,669	(8,498)
Net increase in cash and cash equivalents	1,371,073	282,882
Cash and cash equivalents:		
At beginning of year	2,309,507	2,026,625
At end of year	Ps. 3,680,580	Ps. 2,309,507

The accompanying notes are an integral part of these financial statements.