

GRUPO HERDEZ

SECOND QUARTER 2024 EARNINGS RELEASE

CONSOLIDATED HIGHLIGHTS FOR THE QUARTER

Net Sales

9.3 billion

+6.2%

EBIT

1.3 billion

+21.3%

Majority Net Income

354 million

3.8 %

+18.1%

0.4pp

EBITDA

1.6 billion

+19.7%

Quarterly figures. Variations are presented year-over-year (YoY).



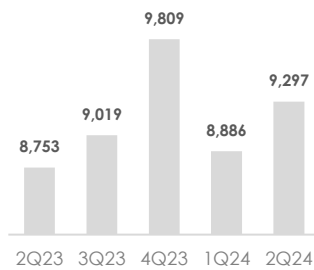
Mexico City, Mexico, July 24, 2024 – Grupo Herdez, S.A.B. de C.V. (“Grupo Herdez” or the “Company”) (MSE: HERDEZ) today announced results for the second first quarter ended June 30, 2024.

“Our second quarter results show the resilience of our brands in a challenging economic environment. We achieved solid volume growth, while margins expanded thanks to favorable pricing of key inputs and effective cost management. Despite the challenges, we are confident in the strength of the Company and its ability to generate value.”, said Héctor Hernández-Pons Torres, Chairman and Chief Executive Officer of Grupo Herdez.

The information contained in this document is prepared in accordance with International Financial Reporting Standards (“IFRS”) and is expressed in Mexican pesos unless stated otherwise.

Grupo Herdez consolidates 100 percent of its Impulse division, Barilla Mexico, Herdez Del Fuerte, and McCormick de Mexico in its financial statements. The proportional stake of Herdez Del Fuerte in MegaMex is registered in Equity Investments in Associated Companies.

NET SALES



NET SALES	2Q24	2Q23	% change
Consolidated	9,297	8,753	6.2
Preserves	7,072	6,873	2.9
Impulse	1,525	1,304	17.0
Exports	700	576	21.4

Figures in millions of MXN

NET SALES	6M24	6M23	% change
Consolidated	18,183	17,385	4.6
Preserves	14,109	13,951	1.1
Impulse	2,718	2,306	17.9
Exports	1,356	1,128	20.2

Figures in millions of MXN

In dollars	2Q24	2Q23	% change
Quarterly Average Exchange Rate	17.2738	17.6880	(2.3)
Exports sales MXN	699.7	576.1	21.4
Export sales USD	40.5	32.6	24.4
In dollars	6M24	6M23	% cambio
Period Average Exchange Rate	17.1317	18.1706	(5.7)
Exports sales MXN	1,355.9	1,128.0	20.2
Export sales USD	79.1	62.1	27.5

For the quarter, consolidated net sales increased 6.2%, rising to MXN 9.3 billion, thanks to the performance of the Impulse and Exports segments. For the first six months of the year, sales grew 4.6%, totaling MXN 18.2 billion.

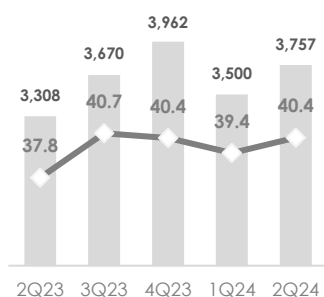
In Preserves, net sales were MXN 7.0 billion, 2.9% higher than in the same period of 2023. The categories with the best performance were mayonnaise, crushed tomatoes and vegetables. Year to date, sales increased 1.1% to MXN 14.1 billion, with a good performance in pastas and spices.

Impulse segment sales were MXN 1.5 billion, an increase of 17.0% compared to the same quarter of 2023. This growth is mostly explained by a good performance at Helados Nestlé and a 10.9% increase in comparable store traffic. Through the first six months of the year, sales increased 17.9%, totaling MXN 2.7 billion.

Exports net sales were MXN 700 million in the quarter and MXN 1.4 billion in the first half of the year, up 21.4% and 20.2%, respectively. These increases are explained by the entrance of mayonnaise into price clubs, as well as the successful introduction of a new presentation of salsas in the United States.



GROSS PROFIT



GROSS PROFIT	2Q24	2Q23	% change
Consolidated	3,757	3,308	13.6
Preserves	2,768	2,486	11.3
Impulse	912	769	18.5
Exports	77	53	46.5

Figures in millions of MXN

GROSS MARGIN	2Q24	2Q23	pp chg
Consolidated	40.4	37.8	2.6
Preserves	39.1	36.2	3.0
Impulse	59.8	59.0	0.8
Exports	11.0	9.2	1.9

Figures in percentages

GROSS PROFIT	6M24	6M23	% change
Consolidated	7,257	6,445	12.6
Preserves	5,470	4,973	10.0
Impulse	1,638	1,359	20.5
Exports	148	113	30.7

Figures in millions of MXN

GROSS MARGIN	6M24	6M23	pp chg
Consolidated	39.9	37.1	2.8
Preserves	38.8	35.6	3.1
Impulse	60.3	58.9	1.3
Exports	10.9	10.0	0.9

Figures in percentages

Consolidated gross margin for the quarter was 40.4%, 2.6 percentage points higher than in the previous year, while the cumulative margin was 39.9%, 2.8 percentage points higher than in 2023.

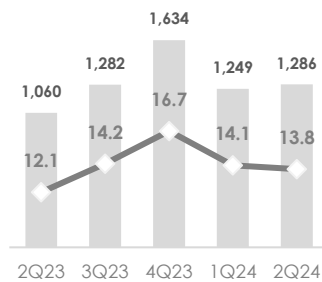
By segment, during the quarter, the gross margin in the Preserves segment increased 3.0 percentage points to 39.1%, mainly as a result of lower soybean oil prices, among others. The margin in the Impulse segment was 59.8%, 0.8 percentage points higher than the previous year, as a result of operating leverage and a better sales mix at Helados Nestlé. Elsewhere, the margin in the Exports segment increased 1.9 percentage points to 11.0% due to higher sales volume and pricing policy.

Year to date, the gross margin in Preserves grew 3.1 percentage points to 38.8%; in Impulse, the margin expanded 1.3 percentage points to 60.3%; while in Exports, the margin increased 0.9 percentage points to 10.9%.

SALES, GENERAL, AND ADMINISTRATIVE EXPENSES (SG&A)

Consolidated general expenses represented 26.3% of net sales in the quarter, 0.5 percentage points higher than in the previous year, while in the year to date they were 26.0% of net sales, 1.0 percentage point higher than in 2023. This growth is mainly due to logistics and other expenses related to the digital transformation project.

EARNINGS BEFORE INTEREST AND TAXES BEFORE OTHER INCOME AND EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AMORTIZATION AND OTHER NON-CASH CHARGES (EBITDA)



Operating income for the quarter totaled MXN 1.3 billion, 21.3% higher than the same period of the previous year, while the margin expanded 1.7 percentage points to 13.8%. Year to date, operating income grew 20.4% to MXN 2.5 billion, while the margin was 13.9%, 1.8 percentage points better than in 2023. This growth is the combined result of: i) higher sales volumes, ii) a better sales mix, and iii) lower costs of the main raw materials.

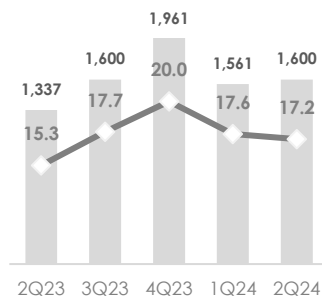
It is important to highlight that, in the quarter, the Impulse segment recorded MXN 47 million in operating income, the first positive result since the third quarter of 2019. This positive result is explained by the recovery of net sales, as well as the operating discipline at Helados Nestlé.

EBIT	2Q24	2Q23	% change	6M24	6M23	% change
Consolidated	1,286	1,060	21.3	2,534	2,105	20.4
Preserves	1,211	1,067	13.5	2,473	2,201	12.3
Impulse	47	(21)	322.9	21	(131)	(115.8)
Exports	27	14	99.8	41	35	17.6

Figures in millions of MXN

EBIT MARGIN (%)	2Q24	2Q23	pp chg	6M24	6M23	pp chg
Consolidated	13.8	12.1	1.7	13.9	12.1	1.8
Preserves	17.1	15.5	1.6	17.5	15.8	1.7
Impulse	3.1	(1.6)	4.7	0.8	(5.7)	6.4
Exports	3.9	2.4	1.5	3.0	3.1	(0.1)

Figures in percentages



Consolidated EBITDA for the quarter was MXN 1.6 billion, 19.7% higher than in the same quarter of the previous year, while the margin was 17.2%, 1.9 percentage points higher than in 2023. The 19.0% margin in the Preserves segment was 1.8 percentage points higher than in the same quarter of the previous year, the highest for a second quarter since 2015.

Furthermore, good performance by the Impulse segment resulted in a 69.6% expansion in EBITDA, reaching a 13.6% margin, 4.2 percentage points higher than in the same period of 2023, the best result since 2019. EBITDA in the retail business grew 2.6 times compared to the same quarter of the previous year, as a result of the increase in visits and the average ticket.

EBITDA	2Q24	2Q23	% change	6M24	6M23	% change
Consolidated	1,600	1,337	19.7	3,162	2,653	19.2
Preserves	1,342	1,184	13.4	2,731	2,427	12.5
Impulse	208	123	69.6	345	161	115.1
Exports	50	31	62.7	85	66	29.8

Figures in millions of MXN

EBITDA MARGIN (%)	2Q24	2Q23	pp chg	6M24	6M23	pp chg
Consolidated	17.2	15.3	1.9	17.4	15.3	2.1
Preserves	19.0	17.2	1.8	19.4	17.4	2.0
Impulse	13.6	9.4	4.2	12.7	7.0	5.7
Exports	7.2	5.4	1.8	6.3	5.8	0.5

Figures in percentages

ALL-IN RESULT OF FINANCING

In the second quarter, the all in financing cost was MXN 233 million, 14.8% higher than in the same period of 2023, while in the second quarter it was MXN 376 million, 2.4% higher than in the previous year. The increase in the all in financing cost in the quarter is the result of an exchange loss generated by the revaluation of liabilities at the period-end exchange rate.

EQUITY INVESTMENTS IN ASSOCIATED COMPANIES

EQUITY INVESTMENT IN ASSOCIATES	2Q24	2Q23	% change
Consolidated	101	224	(54.8)
MegaMex	109	209	(47.9)
Others	(8)	15	(150.0)

Figures in millions of MXN

EQUITY INVESTMENT IN ASSOCIATES	6M24	6M23	% change
Consolidated	223	520	(57.1)
MegaMex	233	486	(52.0)
Others	(10)	34	(129.4)

Figures in millions of MXN

Equity in income of associates was MXN 101 million in the quarter, 54.8% lower than the previous year, due to a drop in MegaMex's earnings.



MEGAMEX CONSOLIDATED RESULTS (100%)

MEGAMEX INCOME STATEMENT										
MEGAMEX	2Q24	%	2Q23	%	% change	6M24	%	6M23	%	% change
Net Sales	3,419	100.0	3,745	100.0	(8.7)	6,950	100.0	7,687	100.0	(9.6)
Gross Profit	926	27.1	1,317	35.2	(29.7)	1,968	28.3	2,767	36.0	(28.9)
EBIT	241	7.0	493	13.2	(51.1)	511	7.3	1,139	14.8	(55.2)
EBITDA	311	9.1	584	15.6	(46.7)	656	9.4	1,321	17.2	(50.3)
Net Income	218	6.4	418	11.2	(47.9)	466	6.7	971	12.6	(52.0)

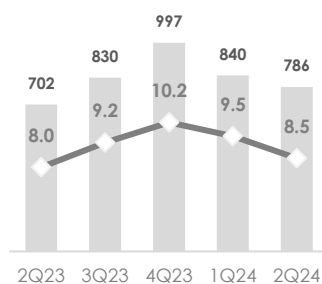
Figures in millions of MXN

For the quarter, net sales totaled MXN 3.4 billion, 8.7% lower than in the same period of 2023; in dollar terms, the contraction was 6.5%. For the first six months of the year, net sales decreased 9.6% to MXN 6.9 billion; in dollar terms, the decrease was 4.1%, reflecting weaker consumer trends.

Gross and operating margins contracted 8.1 and 6.2 percentage points to 27.1% and 7.0%, respectively, compared to the previous year. Likewise, the EBITDA margin decreased 6.5 percentage points to 9.1%. The main impact came from the increase in avocado prices. Finally, net income was MXN 218 million, which represented a margin of 6.4%.

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NET INCOME



NET INCOME	2Q24	2Q23	% change
Consolidated Net Income	786	702	11.9
Con. Net Margin (%)	8.5	8.0	0.4
Minority Interest	432	403	7.3
Majority Net Income	353.8	299.5	18.1
Maj. Net Margin (%)	3.8	3.4	0.4

Figures in millions of MXN

In the second quarter, consolidated net income was MXN 786 million, 11.9% higher than in 2023. Net income for the first half of the year was 8.4% higher than the previous year, climbing to MXN 1.6 billion. This was mainly due to the expansion of the gross margin and the operating discipline at Helados Nestlé.

The consolidated net margin for the quarter was 8.5%, 0.5 percentage points higher than a year earlier, while the cumulative margin grew slightly by 0.3 percentage points to 8.9%.

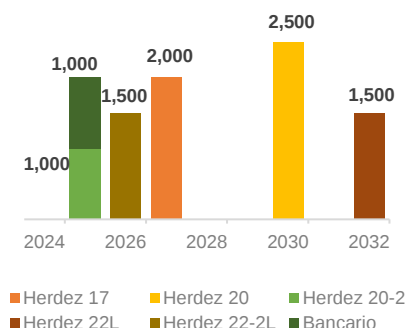
Majority net income for the quarter totaled MXN 354 million, and year to date it was MXN 724 million, increasing 18.1% and 17.7%, respectively.

CAPITAL EXPENDITURES (CAPEX)

In the quarter, net CAPEX was MXN 150 million, mainly allocated to the digital transformation project, the opening of stores for the Impulse segment and the addition of a new long pasta line that will start operations in early 2026.

FINANCIAL STRUCTURE

Debt Profile



As of June 30, 2024, cash on hand amounted to MXN 2.3 billion, 38.9% lower than in the first quarter of the year, as a result of dividend payments of MXN 617 million and share repurchases of MXN 228 million in the quarter. Financial debt remained at MXN 9.5 billion, while the effects of IFRS 16 were to MXN 875 million, keeping total liabilities with cost in line with the levels at the end of the first quarter.

At the end of the quarter, consolidated net debt to EBITDA was 1.2 times, 0.2 times lower than at the end of the previous year due to a MXN 471 million reduction in net debt and an 8.2% increase in EBITDA. Net debt to consolidated stockholders' equity remained at 0.5 times.

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FREE CASH FLOW

Free cash flow was negative MXN 385 million in the quarter, mainly impacted by: i) the build-up of inventories of key raw materials in anticipation of the expected dry periods for the upcoming harvest season, ii) the annual tax payment, iii) the payment of dividends and, iv) the repurchase of shares.

SECOND QUARTER 2024 EARNINGS CONFERENCE CALL INFORMATION

Date: Thursday, July 25, 2024

Time: 1:30 p.m. ET / 11:30 a.m. Mexico City Time.

To participate, please dial:

- Toll-Free U.S. and Canada: +1 (800) 225 9448
- Toll International: +1 (203) 518 9708

Conference ID#: HERDEZ

If you are unable to participate live, a replay of the conference call will be available from July 25, 2024 through August 8, 2024. To access the replay, please dial domestic U.S. and Canada +1 (844) 512 2921, or from other countries +1 (412) 317 6671; conference ID: 11156472.



CONTACT INFORMATION

invrel@herdez.com

ABOUT GRUPO HERDEZ

We are proud to be the oldest Mexican food company in the country. Since 1914, we have been bringing Mexican families the best of our cuisine and the flavors of the world, and taking the most delicious flavors of Mexico to the rest of the globe. We have been listed on the Mexican Stock Exchange since 1991, and our mission is to be a worthy representative of Mexico worldwide.

We are leaders in the processed foods sector, and an important player in the ice cream category in Mexico, in addition to being the fastest growing company in the Mexican food segment in the United States through Megamex, as leaders in guacamole production and marketing, as well as in the categories such as salsa and Impulse Mexican food. We are currently present in 99% of Mexican households through our large portfolio of more than 1,500 products, with which we provide solutions to the daily lives of our consumers, offering them variety and convenience for different lifestyles. We participate in the categories of tuna, spices, guacamole, ice cream, impulse, yogurt, mayonnaise, marmalades, honey, mole, mustard, pastas, organic products, tomato purée, homemade salsas, ketchup, tea, canned vegetables, and many more products, and we are leaders in several of these categories in Mexico. These products are sold through an exceptional portfolio of brands, including: Aires de Campo, Barilla, Blasón, Búfalo, Cielito Querido Café, Del Fuerte, Doña María, Embasa, Flaveur, Frank's, French's, Helados Nestlé®, Herdez, Libanius, Liguria, McCormick, Moyo, Nutrisa, and Yemina.

We are committed to the social and environmental needs of the locations where we operate, and have aligned our sustainability strategy with the 7 Sustainable Development Goals of the United Nations 2030 Agenda. This vision is shared with an exceptional team of more than 10,500 employees, and it is implemented through the solid infrastructure of our 15 production plants, 24 distribution centers, and more than 690 points of sale of our brands: Cielito Querido Café, Lavazza, Moyo, and Nutrisa. For more information, visit grupoherdez.com.mx or follow us on: FB: /GrupoHerdezMX TW: @GrupoHerdezMX LI: /Grupo-Herdez

FORWARD-LOOKING STATEMENTS

The information contained herein (the "Information") has been prepared by Grupo Herdez, S.A.B. de C.V., its associated companies, subsidiaries and/or affiliated companies ("Grupo Herdez"), and may contain forward-looking statements that reflect Grupo Herdez's current expectations and views, which may differ materially due to various factors, risks and uncertainties. Therefore, Grupo Herdez and/or its respective officers, employees, or agents, assume no responsibility or liability for any discrepancy in the Information. But without prejudice to the foregoing, no warranty is given as to the accuracy of the statements or future variations of the Information, or any other written or oral Information issued by Grupo Herdez. The Information has been provided solely for informational purposes. The issuance of this Information shall not be taken as any form of commitment on the part of Grupo Herdez to proceed with any transaction.



INCOME STATEMENT	Second Quarter				
	2024	%	2023	%	% Cambio
Net Sales	9,297	100.0	8,753	100.0	6.2
Preserves	7,072	76.1	6,873	78.5	2.9
Impulse	1,525	16.4	1,304	14.9	17.0
Exports	700	7.5	576	6.6	21.4
Cost of Goods Sold	5,540	59.6	5,446	62.2	1.7
Preserves	4,304	46.3	4,387	50.1	(1.9)
Impulse	614	6.6	535	6.1	14.7
Exports	622	6.7	523	6.0	18.9
Gross Profit	3,757	40.4	3,308	37.8	13.6
Preserves	2,768	29.8	2,486	28.4	11.3
Impulse	912	9.8	769	8.8	18.5
Exports	77	0.8	53	0.6	46.5
Operating Expenses	2,443	26.3	2,262	25.8	8.0
Preserves	1,532	16.5	1,424	16.3	7.5
Impulse	862	9.3	799	9.1	7.9
Exports	50	0.5	39	0.4	27.8
EBIT before Other Income and Expenses	1,313	14.1	1,046	11.9	25.6
Preserves	1,236	13.3	1,062	12.1	16.4
Impulse	50	0.5	(30)	(0.3)	269.5
Exports	27	0.3	14	0.2	99.8
Other Income/Expenses, Net	28	0.3	(14)	(0.2)	298.4
EBIT	1,286	13.8	1,060	12.1	21.3
Preserves	1,211	13.0	1,067	12.2	13.5
Impulse	47	0.5	(21)	(0.2)	322.9
Exports	27	0.3	14	0.2	99.8
All-in Result of Financing	233	2.5	203	2.3	14.8
Interest Earned and (Paid), Net	167	1.8	193	2.2	(13.4)
Exchange (Loss) Gain	66	0.7	10	0.1	n.s.
Equity Investment in Associated Companies	101	1.1	224	2.6	(54.8)
MegaMex	109	1.2	209	2.4	(47.9)
Others	(8)	(0.1)	15	0.2	(150.0)
Income Before Income Taxes	1,154	12.4	1,081	12.4	6.7
Income Tax Provision	368	4.0	379	4.3	(2.9)
Consolidated Net Income	786	8.5	702	8.0	11.9
Minority Interest	432	4.6	403	4.6	7.3
Majority Net Income	354	3.8	300	3.4	18.1
EBITDA	1,600	17.2	1,337	15.0	19.7
Preserves	1,342	14.4	1,184	14.2	13.4
Impulse	208	2.2	123	0.4	69.6
Exports	50	0.5	31	0.4	62.7

Figures expressed in millions of Mexican Pesos.

The proportions of COGS, Gross Profit, Operating Income and EBITDA of the segments are calculated accordingly.

INCOME STATEMENT	6M24				
	2024	%	2023	%	% Cambio
Net Sales	18,183	100.0	17,385	100.0	4.6
Preserves	14,109	77.6	13,951	80.2	1.1
Impulse	2,718	14.9	2,306	13.3	17.9
Exports	1,356	7.5	1,128	6.5	20.2
Cost of Goods Sold	10,926	60.1	10,940	62.9	(0.1)
Preserves	8,639	47.5	8,978	51.6	(3.8)
Impulse	1,080	5.9	947	5.4	14.0
Exports	1,208	6.6	1,015	5.8	19.0
Gross Profit	7,257	39.9	6,445	37.1	12.6
Preserves	5,470	30.1	4,973	28.6	10.0
Impulse	1,638	9.0	1,359	7.8	20.5
Exports	148	0.8	113	0.7	30.7
Operating Expenses	4,730	26.0	4,350	25.0	8.8
Preserves	2,984	16.4	2,765	15.9	7.9
Impulse	1,639	9.0	1,506	8.7	8.8
Exports	107	0.6	78	0.5	36.5
EBIT before Other Income and Expenses	2,526	13.9	2,096	12.1	20.5
Preserves	2,486	13.7	2,208	12.7	12.6
Impulse	(1)	(0.0)	(147)	(0.8)	99.4
Exports	41	0.2	35	0.2	17.6
Other Income/Expenses, Net	(8)	(0.0)	(9)	(0.1)	14.2
EBIT	2,534	13.9	2,105	12.1	20.4
Preserves	2,473	13.6	2,201	12.7	12.3
Impulse	21	0.1	(131)	(0.8)	115.8
Exports	41	0.2	35	0.2	17.6
All-in Result of Financing	376	2.1	367	2.1	2.4
Interest Earned and (Paid), Net	327	1.8	383	2.2	(14.5)
Exchange (Loss) Gain	49	0.3	(15)	(0.1)	423.1
Equity Investment in Associated Companies	223	1.2	520	3.0	(57.1)
MegaMex	233	1.3	486	2.8	(52.0)
Others	(10)	(0.1)	34	0.2	(129.4)
Income Before Income Taxes	2,381	13.1	2,258	13.0	5.5
Income Tax Provision	755	4.2	758	4.4	(0.4)
Consolidated Net Income	1,626	8.9	1,499	8.6	8.4
Minority Interest	902	5.0	884	5.1	2.0
Majority Net Income	724	4.0	615	3.5	17.7
EBITDA	3,162	17.4	2,653	15.3	19.2
Preserves	2,731	15.0	2,427	14.0	12.5
Impulse	345	1.9	161	0.9	115.1
Exports	85	0.5	66	0.4	29.8

Figures expressed in millions of Mexican Pesos.

The proportions of COGS, Gross Profit, Operating Income and EBITDA of the segments are calculated accordingly.

STATEMENT OF FINANCIAL POSITION	June 30, 2024	%	Dec 31, 2023	%	Cambio	
					\$	%
TOTAL ASSETS	37,944	100.0	37,727	100.0	218	0.6
Domestic	34,952	92.1	34,198	90.6	754	2.2
USA	2,992	7.9	3,528	9.4	(536)	(15.2)
Current Assets	13,792	36.3	14,003	37.1	(211)	(1.5)
Cash and Equivalents	2,355	6.2	1,986	5.3	369	18.6
Accounts Receivable	3,960	10.4	4,097	10.9	(137)	(3.3)
Other Accounts Receivable	124	0.3	90	0.2	34	37.2
Inventories	5,122	13.5	5,016	13.3	106	2.1
Other Current Assets	2,231	5.9	2,813	7.5	(582)	(20.7)
Non-Current Assets	24,152	63.7	23,724	62.9	429	1.8
Property, Plant and Equipment, Net	5,187	13.7	5,262	13.9	(75)	(1.4)
Right-of-use Assets	965	2.5	1,137	3.0	(171)	(15.1)
Investment In Subsidiaries	6,975	18.4	6,525	17.3	450	6.9
Intangible Assets	7,932	20.9	7,790	20.6	142	1.8
Other Assets	3,093	8.2	3,010	8.0	83	2.8
TOTAL LIABILITIES	21,185	55.8	21,030	55.7	154	0.7
Domestic	19,862	52.3	19,467	51.6	394	2.0
USA	1,323	3.5	1,563	4.1	(240)	(15.4)
Current Liabilities	9,569	25.2	9,401	24.9	168	1.8
Accounts Payable	5,450	14.4	5,432	14.4	19	0.3
Short-Term Debt	0	0.0	0	0.0	0	
Short-Term Leases	403	1.1	452	1.2	(49)	(10.9)
Other Short-Term Liabilities	3,716	9.8	3,518	9.3	199	5.6
Long-Term Liabilities	11,615	30.6	11,629	30.8	(14)	(0.1)
Long-Term Debt	9,500	25.0	9,500	25.2	0	0.0
Long-Term Leases	472	1.2	525	1.4	(53)	(10.1)
Other Liabilities	(21)	(0.1)	(24)	(0.1)	3	14.3
Other Long-Term Liabilities w/o Cost	1,664	4.4	1,628	4.3	36	2.2
TOTAL STOCKHOLDERS' EQUITY	16,760	44.2	16,696	44.3	64	0.4
Minority Stockholder's Equity	9,614	25.3	9,604	25.5	9	0.1
Majority Stockholder's Equity	7,146	18.8	7,092	18.8	54	0.8

Figures expressed in millions of Mexican Pesos.