GRUPO HERDEZ, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2024 and 2023
with Independent Auditor's Report

GRUPO HERDEZ, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2024 and 2023

Contents:

Av. Ejército Nacional 843-B
Antara Polanco
11520 Ciudad de México

Tel: +55 5283 1300
Fax: +55 5283 1392
ey.com/mx

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Grupo Herdez, S.A.B. de C.V. and subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Grupo Herdez, S.A.B. de C.V. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2024 and 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo Herdez, S.A.B. de C.V. and its subsidiaries as of December 31, 2024 and 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico in accordance with the "*Código de Ética Profesional del Instituto Mexicano de Contadores Públicos*" ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the accompanying consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Why the matter was determined to be a key audit matter

We considered the identification of the Impulse cash generating unit (CGU) to be a key audit matter, since management made significant judgments and estimates to:

- Identify the assumptions used by Management to group together the long-lived assets of the Impulse segment that generate cash inflows that are largely independent of the cash inflows from other assets;
- Identify the CGU based on how operations are controlled (for example, by product line, business or location) or on decisions made to dispose of the Group's assets or to continue operations.

The identify the Impulse CGU represents a significant requirement in order to assess whether there is an indication that the Group's long-lived assets allocated to such CGU may be impaired, including goodwill of Ps.1,343,376 thousand as of December 31, 2024.

Note 11 to the consolidated financial statements describes Management's assessment of the Impulse CGU identified as at and for the year ended December 31, 2024.

How we responded to this key audit matter

We analyzed the assumptions used by management to identify and group together the lines of business comprising the Impulse CGU. We verified that management's business model is consistent with the identification of the Group's CGU, specially the Impulse CGU. We evaluated the accounting estimates made by the Group regarding its financial projections of the Impulse segment. We analyzed Management's impairment assessment of the Impulse CGUs and verified the competence, technical skills and objectivity of the internal valuation specialists engaged by management. We involved our valuation specialists to assist us in evaluating the reasonableness of the significant assumptions and the approach used by the Group for identifying and assessing the Impulse CGU for impairment on an annual basis.

Additionally, we evaluated the appropriateness of the disclosures related to the identification and assessment of the Impulse CGU made by Management in the consolidated financial statements as of December 31, 2024.

Other information

The other information comprises the information included in the annual report filed with the National Banking and Securities Commission (the CNBV) and the annual report submitted to the shareholders but does not include the consolidated financial statements and our auditor’s report thereon. We expect to obtain the other information after the date of this auditor’s report. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read and consider the Annual Report filed with the CNBV, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to issue a statement on the Annual Report required by the CNBV that contains a description of the matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is the undersigned.

Mancera, S.C.
A Member Practice of
Ernst & Young Global Limited

C.P.C. Ernestina Hernández López

Mexico City
March 24, 2025

GRUPO HERDEZ, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Financial Position

(Amounts in thousands of Mexican pesos)

	As of December 31, 2024	As of December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents (Note 6)	Ps. 3,286,767	Ps. 1,986,175
Accounts receivable:		
Trade receivables (Notes 6 and 9)	3,768,145	4,096,944
Debtors (Note 9)	111,907	90,287
Recoverable value added tax	1,366,030	2,300,170
Recoverable income tax	69,387	50,306
Related parties (Note 7)	324,398	360,086
	5,639,867	6,897,793
Inventories (Note 8)	5,366,983	5,016,110
Derivative financial instruments (Note 5)	343,488	22,610
Prepaid expenses	144,929	79,869
Total current assets	14,782,034	14,002,557
Non-current recoverable taxes (Note 26)	401,865	401,865
Property, machinery and equipment (Note 10)	5,296,032	5,262,204
Right-of-use assets (Note 15)	1,057,618	1,136,738
Equity investment in associates and other investments (Note 12)	7,330,341	6,525,459
Intangible assets and goodwill (Note 11)	8,136,529	7,789,935
Deferred income tax (Note 17)	3,128,062	2,542,013
Other assets	70,237	65,753
Total assets	Ps. 40,202,718	Ps. 37,726,524
Liabilities and equity		
Current liabilities:		
Notes payable (Note 14)	Ps. 1,000,000	Ps. -
Suppliers	5,932,366	5,431,529
Creditors	2,861,836	2,421,133
Related parties (Note 7)	272,115	229,809
Derivative financial instruments (Note 5)	210,701	120,922
Income tax payable (Note 3n)	294,680	478,053
Lease liabilities (Note 15)	439,962	452,061
Employee profit sharing payable	281,300	267,702
Total current liabilities	11,292,960	9,401,209
Non-current liabilities:		
Notes payable (Note 14)	8,474,352	9,473,210
Deferred income (Note 14)	3,816	2,420
Lease liabilities (Note 15)	589,667	525,304
Deferred income tax (Note 17)	1,141,226	1,193,023
Employee benefits (Note 16)	560,907	435,142
Total non-current liabilities	10,769,968	11,629,099
Total liabilities	22,062,928	21,030,308
Equity (Note 18):		
Share capital	575,625	575,625
Reserve for repurchase of shares	2,168,485	1,794,610
Retained earnings	4,354,070	4,274,476
Legal reserve	141,862	141,862
Share premium	135,316	135,316
Unrealized (loss) gain on valuation of financial instruments	(37,483)	(25,840)
Cumulative foreign currency translation effect	554,948	195,719
Equity attributable to controlling interest	7,892,823	7,091,768
Non-controlling interest	10,246,967	9,604,448
Total equity	18,139,790	16,696,216
Total liabilities and equity	Ps. 40,202,718	Ps. 37,726,524

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

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 December 31 2024		2023	
Net sales (Note 19)	Ps.	37,424,879	Ps.	36,212,816
Cost of sales (Note 20)		22,464,144		22,134,574
Gross profit		14,960,735		14,078,242
General expenses:				
Selling (Note 21)		8,121,458		7,627,560
Administrative (Note 21)		1,618,204		1,468,803
		9,739,662		9,096,363
Profit before other income and expenses		5,221,073		4,981,879
Other income, net (Note 22)		58,492		39,695
Operating profit		5,279,565		5,021,574
Net financing cost:				
Interest income and foreign exchange gain (Note 23)		1,373,991		640,995
Interest expense and foreign exchange loss (Note 23)	(	2,177,530)	(	1,369,107)
Net financing cost	(	803,539)	(	728,112)
Associates profit sharing (Note 12)		408,983		771,899
Profit before income tax		4,885,009		5,065,361
Income tax (Note 17)		1,537,472		1,739,830
Consolidated net profit	Ps.	3,347,537	Ps.	3,325,531
Net profit attributable to controlling interest	Ps.	1,359,893	Ps.	1,320,423
Net profit attributable to non-controlling interest		1,987,644		2,005,108
Consolidated net profit	Ps.	3,347,537	Ps.	3,325,531
Basic and diluted earnings per share (Note 25)	Ps.	4.193	Ps.	3.981
Items not to be reclassified to profit or loss:				
Actuarial (loss)/gain from labor obligations, net of taxes	Ps. (	64,288)	Ps. (	5,054)
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation reserve		718,458	(	709,934)
Unrealized (loss)/gain on derivative financial instruments	(	30,563)	(	107,800)
Unrealized gain/(loss) on investments funds		21,875		11,598
Consolidated comprehensive income	Ps.	3,993,019	Ps.	2,514,341
Comprehensive income attributable to non-controlling interest	Ps.	2,310,028	Ps.	1,596,336
Comprehensive income attributable to controlling interest		1,682,991		918,005
Consolidated comprehensive income	Ps.	3,993,019	Ps.	2,514,341

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

For the Years Ended December 31, 2024 and 2023

(Amounts in thousands of Mexican pesos)

	Share capital	Reserve for repurchase of shares	Retained earnings	Legal reserve	Share premium	Unrealized gain (loss) on valuation of financial instruments	Cumulative foreign currency translation effect	Equity attributable to controlling interest	Non-controlling interest	Total equity
Balance as at December 31, 2022	Ps. 575,625	Ps. 2,144,804	Ps. 3,219,915	Ps. 141,862	Ps. 135,316	Ps. 28,339	Ps. 550,686	Ps. 6,796,547	Ps. 10,350,130	Ps. 17,146,677
Contributions (decreases) to the repurchase fund (Note 18)	-	(126,924)	126,924	-	-	-	-	-	-	-
Repurchase of outstanding shares (Note 18b)	-	(237,100)	-	-	-	-	-	(237,100)	-	(237,100)
Placement of Shares (Note 18)	-	13,830	-	-	-	-	-	13,830	-	13,830
Dividends declared (Note 18c)	-	-	(399,514)	-	-	-	-	(399,514)	(2,342,730)	(2,742,244)
Decrease in share capital attributable to non-controlling interests	-	-	-	-	-	-	-	-	712	712
	-	(350,194)	(272,590)	-	-	-	-	(622,784)	(2,342,018)	(2,964,802)
Comprehensive income (Note 3q):										
Net profit for the year	-	-	1,320,423	-	-	-	-	1,320,423	2,005,108	3,325,531
Foreign currency translation effect	-	-	-	-	-	-	(354,967)	(354,967)	(354,967)	(709,934)
Unrealized loss on valuation of derivative financial instruments, net of income tax	-	-	-	-	-	(54,179)	-	(54,179)	(53,621)	(107,800)
Unrealized gain on valuation of investments, net of income tax	-	-	11,598	-	-	-	-	11,598	-	11,598
Actuarial loss on defined benefit obligation, net of income tax	-	-	(4,870)	-	-	-	-	(4,870)	(184)	(5,054)
Comprehensive income for the year	-	-	1,327,151	-	-	(54,179)	(354,967)	918,005	1,596,336	2,514,341
Balance as at December 31, 2023	575,625	1,794,610	4,274,476	141,862	135,316	(25,840)	195,719	7,091,768	9,604,448	16,696,216
Contributions (decreases) to the repurchase fund (Note 18)	-	768,660	(768,660)	-	-	-	-	-	-	-
Repurchase of outstanding shares (Note 18b)	-	(394,785)	-	-	-	-	-	(394,785)	-	(394,785)
Dividends declared (Note 18c))	-	-	(487,151)	-	-	-	-	(487,151)	(1,420,334)	(1,907,485)
Contributions (decreases) to the repurchase fund	-	-	-	-	-	-	-	-	2,825	2,825
Decrease in share capital attributable to non-controlling interests	-	-	-	-	-	-	-	-	(250,000)	(250,000)
	-	373,875	(1,255,811)	-	-	-	-	(881,936)	(1,667,509)	(2,549,445)
Comprehensive income (Note 3q):										
Net profit for the year	-	-	1,359,893	-	-	-	-	1,359,893	1,987,644	3,347,537
Foreign currency translation effect	-	-	-	-	-	-	359,229	359,229	359,229	718,458
Unrealized loss on valuation of derivative financial instruments, net of income tax	-	-	-	-	-	(11,643)	-	(11,643)	(18,920)	(30,563)
Unrealized gain on valuation of investments, net of income tax	-	-	21,875	-	-	-	-	21,875	-	21,875
Actuarial loss on defined benefit obligation, net of income tax	-	-	(46,363)	-	-	-	-	(46,363)	(17,925)	(64,288)
Comprehensive income for the year	-	-	1,335,405	-	-	(11,643)	359,229	1,682,991	2,310,028	3,993,019
Balance as at December 31, 2024	Ps. 575,625	Ps. 2,168,485	Ps. 4,354,070	Ps. 141,862	Ps. 135,316	Ps. (37,483)	Ps. 554,948	Ps. 7,892,823	Ps. 10,246,967	Ps. 18,139,790

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

GRUPO HERDEZ, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Amounts in thousands of Mexican pesos)

	For the year ended December 31 2024	2023
Operating activities		
Consolidated profit before income tax	Ps. 4,885,009	Ps. 5,065,361
Adjustments for:		
Depreciation and amortization	1,249,735	1,192,735
Loss on sale of property, machinery and equipment	42,272	48,706
Net periodic benefit expense of employee benefits	114,014	62,884
Interest income	(341,143)	(338,249)
Associates profit sharing	(408,983)	(771,899)
Other income not requiring cash flows	117,458	(1,946)
Employee profit sharing	262,677	257,699
Interest expense	1,082,278	1,074,280
Subtotal	7,003,317	6,589,571
Changes in operating assets and liabilities:		
Accounts receivable	307,176	(373,093)
Inventories	(350,872)	494,921
Related parties, net	77,995	(75,243)
Prepaid expenses and recoverable taxes	850,000	(480,981)
Suppliers	500,838	367,994
Other accounts payable, employee profit sharing and creditors	(190,819)	155,415
Income tax paid	(2,426,578)	(1,659,818)
Net cash flows from operating activities	5,771,057	5,018,766
Investing activities		
Other equity investments	(165,741)	(69,807)
Dividends received	363,976	718,608
Interest received	341,143	338,249
Purchase of property, machinery and equipment	(671,875)	(612,309)
Proceeds from sale of property, machinery and equipment	(6,434)	13,864
Purchase of intangible assets	(344,678)	(287,698)
Net cash flows from (used in) investing activities	(483,609)	100,907
Financing activities		
Obtaining bank loans	1,000,000	2,000,000
Bank loan repayment	(1,000,000)	(1,000,000)
Stock certificates repayment	-	(2,000,000)
Buyback and sale of shares	(394,785)	(223,270)
Interest paid	(971,174)	(1,037,366)
Dividends paid	(1,907,485)	(2,742,244)
Repayment of capital of non-controlling interest	(250,000)	-
Payments of lease liabilities	(547,540)	(480,047)
Others	2,537	6,921
Net cash flows used in financing activities	(4,068,447)	(5,476,006)
Net (decrease) / increase in cash and cash equivalents	1,219,001	(356,333)
Net foreign exchange effect and cash equivalents	81,591	(63,321)
Net (decrease) / increase in cash and cash equivalents	1,300,592	(419,654)
Cash and cash equivalents:		
At beginning of year	1,986,175	2,405,829
At end of year	Ps. 3,286,767	Ps. 1,986,175

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

1. Reporting Entity

Grupo Herdez, S.A.B. de C.V. (the Group) is a company legally constituted in Mexico whose shares are publicly traded on the Mexican Stock Exchange and its head office is located at Calzada San Bartolo Naucalpan No. 360, Col. Argentina Poniente, 11230, Mexico City. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries (collectively referred to as the "Group" and individually as the "Group entities") and the Groups' equity interest in its related parties and jointly controlled entities. The Group is at 70% owned subsidiary of Hechos con Amor, S.A. de C.V., which is exposed, or has rights, to variable returns from its involvement with the Group.

The Group is primarily engaged in manufacturing, purchasing, distributing and selling canned and packed food and ice cream in Mexico, as well as food targeted to the Mexican food segment in the United States.

The entities of Grupo Herdez, S.A.B. de C.V. produce and sell products under the following brands: Aires de Campo, Barilla, Búfalo, Carlota, ChiChi's, Del Fuerte, Don Miguel, Doña María, Embasa, Herdez, La Victoria, McCormick, Wholly, Yemina, Nutrisa, Helados Nestlé, Cielito Querido Café, Moyo, Libanius and Liguria among others. For such purposes, Grupo Herdez, S.A.B. de C.V. has partnerships with global leading companies, such as: McCormick and Company Inc., Hormel Foods Corp., Barilla International Limited and Grupo Kuo, S.A.B. de C.V. (Kuo Group).

2. Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The Group has prepared the consolidated financial statements under the premise to continue as a going concern.

The consolidated financial statements provide comparative information regarding the prior period.

The Group has been incorporated for an indefinite term.

On February 19, 2025, the Group's Board of Directors authorized consolidated financial statements. The audited consolidated financial statements were authorized on March 24, 2025 by the Chief Executive Officer and the Chief Executive Financial and IT Officer.

In accordance with the Mexican Corporations Act and the Group's bylaws, the shareholders have the authority to modify the financial statements after issuance. The audited consolidated financial statements will be subject to approval in the next shareholders' meeting.

Note 3 describes the Group's accounting policies, including the relevant changes made during the year.

a) Basis for measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

- The net defined benefit obligation is recognized as the fair value of plan assets, less the present value of the defined benefit obligation, limited as explained in Note 3i).

- Derivative financial instruments are measured at fair value and recognized in comprehensive income provided they qualify as cash flow hedges and maintain a hedge ratio that complies with the hedge effectiveness requirements, otherwise they are recognized through profit or loss.

b) Functional and presentation currency

The consolidated financial statements are presented in Mexican pesos, which is the Group's functional and presentation currency. All financial information presented in Mexican pesos is rounded to the nearest thousands, except where otherwise indicated.

Foreign entities that are part of the Group's joint venture in the U.S. present their financial statements in U.S. dollars, which is their functional currency. These U.S. dollar balances are then translated into Mexican pesos so that the Group is able to recognize its equity interest in the investees.

c) Use of judgments and estimates

In preparing these financial statements, management has made judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements and estimates with a significant risk of causing a material adjustment within the next financial year are described below:

i) Consolidation of non-controlling interests

The Group analyzes whether it has less than a majority of the voting or similar rights of an investee. Specifically, the Group assesses whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. If as a result of this analysis, the Group determines that it exercises control over the investees, the financial statements of the investees must be consolidated in the Group's financial statements. If there is a presumption that the Group does not exercise control over the investees, equity investments in associates and joint ventures are accounted for using the equity method.

ii) Fair value measurement

The Group applies the guidelines of IFRS 13 *Fair Value Measurement* to determine the fair values of financial assets and financial liabilities recognized or disclosed at fair value. IFRS 13 does not require fair value measurements other than those required or allowed by other IFRS and is not intended to establish valuation standards or affect valuation practices outside financial reporting. Under IFRS, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, considering the counterparty credit risk in the valuation.

The concept of selling price is based on the assumption that there is a market and market participants for the specific asset or liability. When there is no market and/or market participants, IFRS 13 establishes a fair value hierarchy that categorizes the inputs used in the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Group can negotiate at the measurement date.
- Level 2 – Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

The fair value of assets held for sale as well as unobservable inputs are determined by external valuers.

iii) Fair value measurement of derivative financial instruments

The fair values of derivative financial instruments traded on recognized markets are determined by reference to price quotations published in these markets. For financial instruments traded on over-the-counter markets, the fair value is measured using valuation techniques applied in the financial sector, which primarily include the discounted cash flow (DCF) model and based on market information available at the measurement date.

In determining the fair value, the Group uses conditions and assumptions that are primarily based on the 28-day Mexican Weighted Interbank Interest rate (28-day TIIE) model, the Mexican Weighted Interbank Interest rate (TIIE) levels and the prevailing Mexican peso/U.S. dollar exchange rate at the measurement date.

The Group has conducted the effectiveness testing required to maintain a hedge ratio that complies with the hedge accounting requirement under IFRS.

iv) Useful lives of property, machinery and equipment

The Group determines the useful lives of its assets based on its best estimate of the periods during which it expects to receive the economic benefits derived from such assets.

v) Impairment in the value of goodwill and other intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are tested for impairment at each reporting date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment tests, those assets that cannot be tested individually are put into smaller groups of cash generating assets from continuous use and that are mostly independent from cash inflows from other assets or groups of assets (the “CGU”). For purposes of impairment testing, goodwill is assigned to the Group’s operating divisions and is monitored at the operating segment level (operating division), which represents the lowest level at which goodwill is monitored for internal reporting purposes. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

vi) Employee benefits

Employee benefits are recognized in profit or loss as services are provided and the corresponding liabilities are recorded at their nominal values since they are short-term. The Group’s net defined benefit obligation is calculated estimating the future defined benefit accrued for workers in exchange for their services (current and past service costs). These benefits are discounted to their present value and deducted from unrecognized past service costs and the fair value of plan assets. The discount rate is determined based on zero-coupon government bonds that have maturity dates approximating the maturity dates of the Group’s obligations and that are denominated in the currency that the pension benefits are expected to be paid out in. The calculation is performed annually by a qualified actuary using the projected unit credit method.

vii) Impairment in the value of accounts receivable

According to its business model, the Group uses two variables for its accounts receivable portfolio. These variables are the type of channel and the collection period. The Group’s policy is to consider all accounts receivable less than 30 days old as not past due. The data used to determine the expected credit loss percentage are the delinquency ratio and the actual credit loss experience for the last two years, including macroeconomic factors for the last five years. As of December 31, 2024 and 2023, the factors applied to the Group’s accounts receivable are as follows:

December 31, 2024	0-30 days	31-60 days	61-90 days	More than 90 days
Weighted average breach factor	0.75%	6.19%	12.07%	23.43%
Weighted average breach factor including macroeconomic factors	0.49%	5.93%	11.81%	23.17%

December 31, 2023	0-30 days	31-60 days	61-90 days	More than 90 days
Weighted average breach factor	0.03%	1.36%	15.30%	48.91%
Weighted average breach factor including macroeconomic factors	0.26%	1.61%	15.51%	49.18%

viii) Leases

Future lease payments are determined over the shorter of the lease term and the remaining useful life of the lease if the Group is reasonably certain to exercise an extension option. The extension options considered by the Group are as follows:

- For transportation equipment, no renewal simulation was performed for expired lease contracts.
- Renewal simulations for contracts in the process of being signed, covered the same number of periods as the most recent contract in force and considered how certain it is for the Group to stay in the leased property.

The discount rate is defined whenever a new contract is signed or an expired contract is renewed.

Future lease payments should be considered in the calculation at the lease commencement date.

3. Summary of Accounting Policies

The accounting policies set out below have been applied consistently by the Group entities in all of the periods presented in the consolidated financial statements, except where otherwise indicated:

a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see Note 3 a) (iii)).

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see (h) (iii)). Any gain on a bargain purchase is recognized immediately in profit or loss.

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see (v)).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Non-controlling interests

For each business combination, the Group measures any non-controlling interest in the investee at:

- Fair value, or
- The proportionate share of the acquiree's identifiable net assets at the date of acquisition, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as non-controlling interest transactions, therefore any effect is recognized in equity.

(iii) Subsidiaries and joint ventures

The subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect the investee's returns through its power over the investee. The financial statements of subsidiaries are included in the Group's consolidated financial statements as of the date the Group obtains control over the investee and consolidation is suspended when that control ceases.

An analysis of the Group's material subsidiaries and joint ventures, as well the percentage of equity interest it holds in each of them, is as follows:

	Country of incorporation	December 2024	December 2023	Note
Foods:				
Herdez Del Fuerte and subsidiaries (HDF) - Subsidiary	México	50%	50%	1, 5
Herdez Del Fuerte				
Manufacturing and sales:				
Herdez, S.A. de C.V. – Subsidiary	México	99.99%	100%	1, 15
Intercafé, S.A. de C.V. (Intercafé) – Joint venture	México	50%	50%	2, 5
Aires de Campo, S.A. de C.V. – Subsidiary	México	90.43%	90.03%	1, 8, 10
Interdeli, S.A.P.I. de C.V. - Subsidiary	México	100%	100%	1
Deli Dips & Snacks, S.A.P.I. de C.V. - Subsidiary	México	100%	100%	1
Authentic Specialty Foods (ASF) - Subsidiary	USA	100%	100%	1, 3
Megamex Foods, LLC – Joint venture	USA	50%	50%	2, 3, 5
Megamex Holding Inc. – Joint venture	USA	50%	50%	2, 3
Don Miguel Mexican Foods Corp. – Joint venture	USA	50%	50%	2, 3, 5
Avomex Inc. – Joint venture	USA	50%	50%	2, 3, 5

	Country of incorporation	December 2024	December 2023	Note
Avomex International, S.A. de C.V. – Joint venture	México	50%	50%	2, 3, 5
Avomex Services, S. de R.L. de C.V. – Joint venture	México	50%	50%	2, 3, 5
Avomex Importaciones y Exportaciones Limitada – Joint venture	Chile	50%	50%	2, 3, 5
Services:				
Campomar, S.A. de C.V. (Campomar) – Subsidiary	México	100%	100%	1
Herventa, S.A. de C.V. (Herventa) - Subsidiary	México	100%	100%	1
Grupo Herdez				
Manufacturing and sales:				
McCormick de México, S.A. de C.V. (McCormick) - Subsidiary	México	50%	50%	1, 5
Barilla México, S.A. de C.V. (Barilla México) – Subsidiary	México	50%	50%	1, 5
Herpons Continental, S.A. de C.V. (Herpons Co.) - Subsidiary	México	99.99%	100%	1, 15
Fábrica de Envases del Pacífico, S.A. de C.V. – Joint venture	México	50%	50%	2, 5
Dianco México, S.A.P.I. de C.V. (Dianco) - Associate	México	44.62%	44.62%	2, 4
Chia Mia, S.A.P.I. de C.V. (Chia Mia) - Associate	México	6.62%	22.05%	2, 4, 6, 13
Grupo Nutrisa and subsidiaries - Subsidiary	México	99.99%	99.99%	1
Grupo Nutrisa				
Sales:				
Promociones Inmobiliarias Naturistas, S.A. de C.V. (Promociones) – Subsidiary	México	100%	100%	1
Alimentos Benefits, S.A. de C.V. – Subsidiary	México	100%	100%	1
Olyen Coffe, S.A. de C.V. – Subsidiary	México	100%	100%	1
RC Operadora de Cafeterías, S.A. de C.V. – Subsidiary	México	100%	100%	1
Cielito Querido Legado, S.A. de C.V. – Joint venture	México	50%	50%	2, 7
Panquerido, S.A. de C.V. – Asociada	México	52.94%	-	2,12
Panorama Food & Snacks Holdings, S.A.P.I. de C.V. – Negocio conjunto	México	50%	-	2, 11
Panorama F&S Manufactura, S.A. de C.V. – Subsidiaria	México	99.99%	-	14
Mexican Candies Holding Company, LLC – Subsidiaria	USA	100%	-	16
Mexican American Spicy Candies, LLC – Subsidiaria	USA	100%	-	16
Spicy Candies, LLC – Subsidiaria	USA	100%	-	16
Services:				
Nutrisa, S.A. de C.V. (Nutrisa) – Subsidiary	México	100%	100%	1
Ubongo, S.A.P.I. de C.V. – Subsidiary	México	100%	100%	1
Helado de Yogurt, S.A. de C.V. – Subsidiary	México	100%	100%	1
Nutriservicios la Colmena, S.A. de C.V. – Subsidiary	México	100%	100%	1
Seramano, S.A. de C.V. (Seramano) – Subsidiary	México	99.99%	100%	1, 15
Real Estate Group:				
Alimentos HP, S.A. de C.V. (Alimentos) – Subsidiary	México	100%	100%	1
Comercial de Finanzas Netesa, S.A. de C.V. (Netesa) - Subsidiary	México	100%	100%	1
Energía Para Conservas, S.A. de C.V. – Subsidiary	México	99.99%	99.99%	1
Quicolor de México, S.A. de C.V. (Quicolor) – Subsidiary	México	100%	100%	1
Promotora Hercal, S.A. de C.V. (Hercal) – Subsidiary	México	-	-	1, 9

(1) Consolidated entity

(2) Investee accounted for using the equity method

(3) Financial statements for the period from December 4, 2023 to December 1, 2024. The effects of this non-calendar reporting period are not material for the Group's financial information as of December 31, 2024.

(4) Financial statements for the period from December 1, 2023 to November 30, 2024. The effects of this non-calendar reporting period is not material for the Group's financial information as of December 31, 2024.

(5) The main activity of these joint ventures is the production and marketing of food products.

(6) At an extraordinary shareholders' meeting held on April 17, 2023, the shareholders of Chia Mia, S.A.P.I. de C.V. agreed to increase the company's share capital, achieving the

Group an equity interest of 22.05%.

(7) On August 21, 2023, Ki'tal Snacks, S.A. de C.V. changed to Cielito Querido Legado, S.A. de C.V as its new business name.

(8) At a regular shareholders' meeting held on October 24, 2023, the shareholders of Aires de Campo, S.A. de C.V. agreed to increase the company's share capital, achieving the Group an equity interest of 90.15%.

(9) On September 4, 2023, Promotora Hercal, S.A. de C.V. went into business activities interruption.

(10) At a regular shareholders' meeting held on February 8, 2024, the shareholders of Aires de Campo, S.A. de C.V. agreed to increase the company's share capital, achieving the Group an equity interest of 90.43%.

(11) At a regular shareholders' meeting held on March 4, 2024, the shareholders of Helado de Yogurt, S.A. de C.V. agreed to increase the company's share capital to Panorama & Snacks Holding, S.A.P.I. de C. V., achieving the Group an equity interest of 50%.

(12) On January 30, 2024 was constituted Panquerido, S.A. de C.V. and at a regular shareholders' meeting on December 27, 2024 agreed to increase the company's share, achieving the Group an equity interest of 52.94%.

(13) At an extraordinary shareholders' meeting held on November 25, 2024, the shareholders of Chia Mia, S.A.P.I. de C.V. agreed to add a shareholder through an increase of share capital, the Group achieving a decrease of shareholding of 6.62%.

(14) On March 5, 2024 outside of regular shareholders' meetings held by Panorama & Snacks Holding, S.A.P.I. de C. V. agreed an increase the company's share capital achieving the Group an equity interest of 99.99%.

(15) By 2023 the non-controlling interest correspond to 0.01%

(16) On October 25, 2024 was constituted and as of December 31, 2024 operations have not started.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Whether the Group retains any interests in the former subsidiary will be measured at fair value when lost control.

(v) Interests in equity-accounted investees (equity method)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when all financial and strategic decisions require the unanimous consent of the parties sharing control.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

If the Group's share of losses of an equity-accounted investment exceeds its interest in the investee, the carrying value of that interest, including any long-term investment, is reduced to zero and the Group should discontinue recognizing its share of further losses, only to the extent that the Group has incurred obligations or made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(vii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographic area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is restated as if the operation had been discontinued from the start of the comparative period.

b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies using the prevailing exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the prevailing exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in other comprehensive income:

- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- Qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Mexican pesos at the exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated into Mexican pesos at the prevailing exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to a non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to the non-controlling interest.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c) Financial instruments

IFRS 9 *Financial Instruments - Hedging derivatives*

As of January 1^{st,} 2019, the Group adopted the criteria and requirements under Chapter 6 of IFRS 9. As of January 1^{st,} 2018, the macro hedging component of IFRS 9 is yet to be published; accordingly, the Group did not recognize any effects on its hedging relationships.

IFRS 9 sets out the requirements for recognizing, classifying and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard supersedes IAS 39 *Financial Instruments: Recognition and Measurement*.

IFRS 9 sets out three financial instrument measurement categories:

- Financial assets at amortized cost
- Financial assets at fair value through OCI (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

The classification of financial assets under IFRS 9 is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. IFRS 9 replaces the categories used by IAS 39, an analysis is as follows:

	Classification under IFRS 9
Financial assets	
Cash and cash equivalents	FVTPL
Trade receivables	Amortized cost
AUA Private Equity Parallel Fund, LP	FVTOCI
Re Banuc, S.A.P.I. de C.V.	FVTOCI
Anteris Capital Venture Lending Fund I, LP	FVTOCI
Yaax Capital, LP	FVTOCI
G Squared Fund V, LP	FVTOCI
B37 Ventures II, LP	FVTOCI
B37 Ventures Dexterity Sidecar Fund, LP	FVTOCI
L Catterton Latin America III, LP	FVTOCI
Autotech Fund III, LP	FVTOCI
Amplifica Fund I, LP	FVTOCI
Ayam World, LLC	FVTOCI
Minerva Global Holdings, Inc.	FVTOCI
Nexxus Capital, S.A.P.I. de C.V.	FVTOCI
Nexxus Iberia Private Equity Fund II, LP	FVTOCI
McWin Food Tech Fund I, SCSp	FVTOCI
Creating Culinary Communities LLC	FVTOCI
MT Fund II GP	FVTOCI
Financial assets/(liabilities) designated as hedged items*	

* Hedging relationships involving derivative financial instruments are recognized under IFRS 9.

Foreign currency forwards hedges	FV - Cash-flow hedges
Interest rate swap hedges	FV - Cash-flow hedges
Commodity futures hedges	FV - Cash-flow hedges
Commodity option hedges	FV - Cash-flow hedges
Commodity OTC option hedges	FV - Cash-flow hedges
Financial liabilities:	
Bank loans in Mexican pesos	Amortized cost
Debt issuance:	
CEBURES HERDEZ 17	Amortized cost
CEBURES HERDEZ 20	Amortized cost
CEBURES HERDEZ 20-2	Amortized cost
CEBURES HERDEZ 22L	Amortized cost
CEBURES HERDEZ 22-2L	Amortized cost

(i) Non-derivative financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded on an active market.

Such assets are initially measured at their fair value plus costs directly attributable to the transaction. Loans and receivables are measured at amortized cost, less impairment losses in the case of receivables. Loans and receivables include trade receivables and other accounts receivable.

Cash and cash equivalents

Cash and cash equivalents are represented cash balances and bank deposits with maturities of less than three months from their acquisition date, and which are subject to exchange differences in their fair values and are used by the Group to manage its short-term obligations.

Cash and cash equivalents include restricted cash and investment, represented by margin account deposits used to secure some of the Group's debt obligations to the extent that this restriction will be lifted within three months of the reporting date. When the restriction period is more than three months, these restricted cash and cash equivalent balances are not considered cash and cash equivalents and are instead are recognized as part of Short-term or Long-term Debtors, as the case may be.

(ii) Non-derivative financial liabilities

The Group initially recognizes debt securities issued at their dates of origination. All other financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the associated obligation is discharged or cancelled, or expires.

The Group classifies its non-derivative financial liabilities as part of other financial liabilities.

Non-derivative financial liabilities are initially recognized at fair value, net of directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the EIR (Effective Interest Rate) method.

Other financial liabilities comprise notes payable, suppliers, other payables and structured notes issued.

(iii) Derivative financial instruments and hedge accounting

The Group contracts derivative financial instruments to mitigate its exposure to foreign currency risk and interest rate risk.

The Group acquires derivatives to hedge raw material (commodities) prices, which are designated in formal hedging relationships.

At the inception of a hedge relationship, the Group formally documents the hedge relationship between the hedging instrument and the hedged items, including the risk management objective and strategy for undertaking the hedge, and the methods to be used to assess the effectiveness of the hedging instrument.

On January 1st, 2019, the Group adopted Chapter 6 *Hedge Accounting* of IFRS 9, since it previously observed the provisions of IAS 39 relating to Hedge Accounting.

IFRS 9 establishes that the objective of hedge accounting is to represent, in the financial statements, the effect of risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss or other comprehensive income.

As of December 31, 2024 and 2023, Group management has assessed the effectiveness of the Group's hedging relationships, and concluded that they are highly effective and meet the requirements of IFRS 9 related to hedging relationships.

Derivative financial instruments are initially recognized at fair value, with directly attributable transaction costs recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss or in OCI, when the instrument has been designated in a cash flow hedging relationship.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When a hedging item is a non-financial asset, the amount accumulated in OCI is reclassified to profit or loss in the period in which the hedged cash flows affect profit or loss. For all other hedged forecast transactions, the amount accumulated in equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in equity are immediately reclassified to profit or loss.

Embedded derivatives

An embedded derivative is separated from its host contract and accounted for separately as a stand-alone derivative if:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic risks and characteristics of the host contract
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss

Derivative financial instruments not designated as hedged items

If a derivative financial instrument is not designated in a hedging relationship, changes in fair value are immediately recognized in profit or loss.

- IFRS 9 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS process the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment was effective for annual reporting periods beginning on or after January 1st, 2022 with earlier adoption permitted. According to management's analysis, the Group did not present any impact on the consolidated financial statements.

(iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of the related tax effects.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of the related tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Share capital, the share repurchase reserve, the legal reserve, share premium and retained earnings are expressed as follows: i) changes made as of January 1st, 1998, at historical cost, and ii) changes made prior to January 1st, 1998, at restated historical cost determined by applying the National Consumer Price Index (NCPI) factors to the historical value of the assets through December 31, 1997.

d) Property, machinery and equipment

(i) Recognition and measurement

Property, machinery and equipment is recognized at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Costs include all expenditures directly attributable to the acquisition of the asset. The cost of assets built by the Group includes the following:

- The cost of materials and direct labor costs
- Any other directly attributable costs to prepare the asset for its intended use
- When the Group has such an obligation, the estimate of costs to dismantle and remove the asset or restore the site on which it is located
- Capitalized borrowing costs

As of December 31, 2024 and 2023, the Group has no qualifying assets with capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

For items of property, machinery and equipment with different useful lives, each major component is depreciated separately.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss when the asset is derecognized.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Repair and maintenance costs are expensed as incurred.

(iii) Depreciation

Depreciation of property, machinery and equipment begins when the asset is in the location and is available for use or, while for assets internally generated, when the asset is completed and in the condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated to write off the cost of items of property, machinery and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets, unless it is reasonably certain that the Group will obtain ownership of the asset by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, machinery and equipment for current and comparative periods are as follows:

	Years
Buildings	20 – 33
Machinery and tools	10 – 14
Office furniture and equipment	12
Stowing equipment and transportation equipment	4 – 10
Electronic data equipment	4

The residual values, useful lives and methods of depreciation of property, machinery and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Intangible assets and goodwill

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

(ii) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. For equity investments accounted for using the equity method, the carrying amount of goodwill is included in the carrying amount of the investment, with any impairment loss allocated to reduce the carrying amount of the equity method investment as a whole.

(iii) Intangible assets with finite useful lives

Intangible assets acquired by the Group, which consist of non-competition agreements, licenses, developed technologies and customer relationships with finite useful lives, are valued at cost less accumulated amortization and impairment losses. The above-mentioned intangible assets do not include internally generated assets, since these intangibles have been obtained from the Group's acquisitions.

(iv) Intangible assets with indefinite useful lives

No legal, regulatory, contractual, economic or other factors may limit the useful lives of intangible assets with indefinite useful lives consisting of patents and trademarks. The Group considers that these intangible assets will continue generating cash flows in the future, which are not restricted to a specific period of time. These assets are tested for impairment at each reporting date in accordance with IFRS.

(v) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(vi) Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Goodwill is not amortized.

An analysis of useful lives is as follows:

	Years
Non-competition agreements	2 – 3
Development technology	8 – 20
Customer relationships	13 – 20
Licenses	20
Software	7

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

f) IFRS 16 *Leases*

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model. At the commencement date of a lease, a lessee will recognize an asset representing the right to use the underlying asset during the lease term and a liability to make lease payments during the lease term. The standard includes two recognition exemptions for lessees – leases of “low-value” assets and short-term leases. Lessor accounting is substantially unchanged from today’s accounting (i.e., lessors will continue to classify all leases as either operating or finance leases).

i. The Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Under IFRS 16, the cost of a right-of-use asset also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate and that are initially measured using the index or rate ruling at the commencement date;
- Amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Current leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. The Group as a lessor

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see Note 3(h)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ’other revenue’.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16, except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Lease payments

Lease payments made under lease agreements that are not within the scope of IFRS 16 Leases are recognized in profit or loss on a straight-line basis over the lease term.

g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out principle, and includes all purchase costs incurred in bringing each product to its present location and condition.

In the case of manufactured inventories and production in process, cost includes an appropriate share of production overheads based on normal operating capacity.

The costs of inventories may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at FVTPL, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security; and
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

(ii) Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets (loans and receivables and held-to-maturity financial assets) at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

(iii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than employee benefits, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite useful lives are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows. If there are indicators that a corporate asset may be impaired, the Group determines the recoverable amount of the CGU to which the asset belongs.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i) Supply chain finance

The Group offers supply chain financing programs through financial institutions, which allows suppliers, at their sole discretion, to discount the receivables they have with the Group before the expiration of the originally agreed term and thus finance their working capital. Programs are available to all providers in general.

The Group agrees with suppliers on the contractual terms of the goods and services to be purchased, including prices, quantities and payment terms, whether or not the supplier chooses to participate in any program. Suppliers who are affiliated with the financing program with a financial institution determine whether or not they will discount their invoices, this does not modify the conditions and payment terms originally agreed.

As the terms and conditions agreed between suppliers and the Group are not changed, and no compensation is received from financial institutions for discounted invoices, all unpaid amounts related to suppliers who elected to participate in the program and discounted invoices are recognized within the supplier account in our statements of financial position and the associated payments are presented in the operating activities within the Group. of our statements of cash flows by virtue of the nature of the activity to which they are linked.

j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined benefit plan

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Any previously unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is determined by reference to market yields at the date of the statement of financial position on zero-coupon government bonds that have maturity dates approximating the maturity dates of the Group's obligations and that are denominated in the currency that the pension benefits are expected to be paid out in.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. Service costs comprising increases in the benefit obligation and employee expenses during the year are recognized as operating expenses.

Interest costs associated with an increase in liabilities due to the passage of time, as well as the expected return on plan assets, are recognized as part net financing cost. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan obligations. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employee costs is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. The expense is recognized in profit or loss to the extent that benefits are vested immediately.

The Group recognizes all actuarial gains and losses resulting from defined benefit plans immediately in other comprehensive income and recognizes all expenses related to defined benefit plans in profit or loss as part of employee benefits.

The Group recognizes the gains or losses on curtailments and settlements. These gains or losses include changes in the present value of the defined benefit obligations contracted by the entity, changes in the fair value of the plan assets, and any unrecognized actuarial gains or losses and past service costs.

k) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Restructurings

A provision for restructuring is recognized when Management has approved a detailed and formal restructuring plan, and the restructuring has been announced to any affected third parties and/or stakeholders prior to the reporting date.

Contingencies and commitments

Contingent liabilities and losses are recognized when the Group has a present obligation as a result of a past event, it is probable that the obligation will give rise to a cash disbursement, and the amount of the obligation can be reasonably estimated. Otherwise, the Group includes qualitative disclosures in the notes to the consolidated financial statements. The effects of long-term commitments established with third parties (such as supply contracts with vendors or customers) are recognized in the financial statements considering the substance of the agreement on an incurred or accrued basis. Relevant commitments are disclosed in the notes to the financial statements. The Group has not recognized contingent revenue, profits or assets.

l) Revenue

Revenue recognition. The Group earns its revenue primarily from the sale of Preserves and Impulse products. Revenue is recognized when control of the goods is transferred to the customer, which is when the performance obligation is satisfied and the Group is entitled to collect the consideration from the customer in exchange for these products. In determining the transaction price, the Group considers the effects of variable consideration (e.g. fixed and/or variable discounts). Payments made to customers for commercial services are recognized as distribution and selling expenses. The Group offers discounts to customers when certain conditions are met under the agreements. Such discounts are deducted from the amounts payable by the customer. The normal credit term is 30 to 90 days upon delivery.

Rights of return

The Group does not grant a right to return, but it has specific agreements with certain customers and eventually receives products with damaged packaging even though it is not specified in the agreement.

Discounts

The Group applies certain methods to determine the provision based on the type of discounts, which are classified into fixed and variable discounts:

Variable discounts: Customers are entitled to receive a discount in exchange for meeting the objectives of the promotional plan, i.e. increasing sales, and, occasionally, for prompt payment.

Fixed discounts: do not depend on a contingent future event, but are based on an annual fixed percentage agreed on with some customers under agreements applicable to expected sales volume, primarily cooperation and logistics discounts.

The established discount applies to the estimated sales volume and is adjusted based on the actual sales volume.

Trade accounts receivable

Account receivable represents the Group's right to collect an unconditional consideration (that is, only the passage of time is required for the consideration payment be enforceable).

m) Donations

Donations to social programs are recognized in profit or loss as incurred to the extent that they benefit the community in general.

n) Finance income and finance costs

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at FVTPL, and exchange gains. Interest income is recognized in profit or loss at amortized cost using the effective interest method.

Finance costs comprise interest expense on loans and borrowings, exchange losses, changes in the fair value of financial liabilities measured at FVTPL and lease liabilities.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest rate method.

Foreign exchange gains and losses arising on financial assets and financial liabilities are presented in profit or loss.

o) Income tax

The Group’s income tax expense consists of current income tax and deferred income tax. Income tax expense is generally recognized in the statement of Profit or Loss, except for income tax related to business combinations, items recognized directly in equity, and other comprehensive income.

(i) Current income tax

Current income tax is measured at the amount expected to be paid to or recovered from the tax authority on the Group’s taxable profit or tax loss, plus any income tax adjustments from prior years. The tax rates used to calculate income tax are those that are enacted or substantively enacted at the reporting date. Current income tax also includes any tax arising from dividends.

(ii) Deferred income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The tax effects of uncertain tax positions are recognized when it is more likely than not that the position will be upheld due to its technical merit, and assuming that the tax authorities will review every uncertain tax position and have full knowledge about relevant information. These tax positions are measured using a cumulative-probability model.

Each position is considered individually, regardless of its relationship with other tax proceedings. The ‘more likely than not’ indicator represents an assertion from management that the Group is entitled to receive the economic benefits of the tax position. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements.

p) Earnings per share

The Group presents basic and diluted EPS attributable to ordinary shareholders.

Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted by shares owned by the Group (see Note 26). Since there are no dilutive effects, basic EPS is the same as diluted EPS.

q) Segment information

Operating segment results reported to the Group’s General Director (the highest decision-making authority) include items directly attributable to a segment, as well as items that can be allocated on a reasonable basis. Unallocated items primarily comprise primarily corporate assets (the Group’s head offices), head office expenses, and income tax assets and liabilities.

r) Comprehensive income

Comprehensive income represents the increase or decrease in earned capital from net profit or loss for the year, unrealized gains and losses on valuation of derivative financial instruments and equity investments, net of income tax, foreign currency translation reserve and actuarial gains and losses on employee benefits, net of income tax, which are recognized in equity and do not constitute capital contributions, capital redemptions and/or distributions.

4. New and amended standards and interpretations

The following are the new and amended standards and interpretations that are issued, which came into force as of January 1, 2024, and those that have not yet entered into force, as of the date of issuance of the Group's financial statements, are set out below:

• Improvements to IAS 1: Classification of liabilities as current or non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

• What is meant by the right to defer settlement?
• Such a right to defer must exist at the end of the reporting period
• That classification is not affected by the likelihood that an entity will exercise its deferral right.
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments were effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

These amendments had no impact on the Group's consolidated financial statements.

• Lease Liability in a Sale-Leaseback Transaction - Amendments to IFRS 16

In September 2022, the IASB issued amendments to IFRS 16 specifying the requirements that a lessee-seller uses when measuring the lease liability arising in a sale-after-lease transaction, to ensure that the lessee-seller does not recognize any amount of the gain or loss that relates to the right of use that it retains.

The amendment is intended to improve the requirements for sale-leaseback transactions in IFRS 16. It does not change the posting of leases not related to leaseback sales transactions.

The modification applied retroactively to annual periods beginning on or after January 1, 2024.

These amendments had no impact on the Group's consolidated financial statements.

• Supplier financing agreements - Amendments to IAS 7 and IFRS 7 C

In May 2023, the IASB published amendments to IAS 7 and IFRS 7 to clarify the characteristics of supplier financing agreements and require additional information on such arrangements. The disclosure requirements of the amendments are intended to help users of financial statements understand the effects of financing arrangements with suppliers on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments were effective for annual reporting periods beginning on or after January 1, 2024. Early application is allowed.

The Group has reviewed and updated the disclosures to comply with the modified requirements.

Standards issued but not yet effective

• Lack of interchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 Effects of Changes in Foreign Currency Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when there is no convertibility is lacking. The amendments also require the disclosure of information that enables users of its financial statements to understand how the fact that the currency not being exchangeable into the other currency affects, or is expected to affect, the financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is allowed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

• Presentation and disclosure in financial statements – IFRS 18

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new reporting requirements for presentation within the income statement, including specific totals and subtotals. Furthermore, entities must classify all income and expenses within the income statement into one of five categories: operating, investing, financing, income taxes, and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined performance measures, subtotals of income and expenses, and includes new requirements for the aggregation and disaggregation of financial information.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18 and amendments to the other standards are effective for annual periods beginning on or after January 1, 2027. Early application is allowed. IFRS 18 should be applied retroactively.

The Group is currently working to identify all impacts of the amendments to the consolidated financial statements.

• International Sustainability and Climate Standards - IFRS S1 and IFRS S2

In June 2023, the IFRS Foundation's ISSB issued its inaugural standards, IFRS S1 and IFRS S2, the standards create a common language for disclosing the effect of climate-related risks and opportunities on a company's prospects.

IFRS S1, General Requirements for Sustainability-Related Financial Disclosures: IFRS S1 requires disclosure of all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to financing or the short, medium or long-term cost of capital. This standard sets out how an entity must prepare and report such disclosures and the general requirements for their content and presentation, so that the information disclosed is useful to users in making decisions related to the provision of resources to the entity.

IFRS S2, Climate-Related Disclosures: IFRS S2 requires an entity to disclose information about climate-related physical and transition risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to financing or the short-, medium- or long-term cost of capital.

IFRS S1 and IFRS S2 are in force for annual periods beginning on or after January 1, 2024 and are allowed to be applied early provided that both standards are applied together; however, in Mexico, such IFRS will be mandatory for annual periods beginning on or after January 1, 2025.

The Group is currently assessing the impact of the amendments to the consolidated financial statements.

5. Financial Instruments

The Group is exposed to a variety of financial risks from its operating activities: market risk (including currency risk, interest rate risk and the risk of fluctuation in the prices of commodities), credit risk, liquidity risk and operational risk. The overall risk management program considers the volatility of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivatives financial instruments to hedge certain risk exposures.

Financial risk management is carried out by the Management, TI and Finance Officer, in accordance with policies approved by the Board of Directors. The entity identifies, evaluates and hedges its financial risks in close cooperation with its subsidiaries. The Board of Directors has approved general written policies regarding financial risk management, including the risk of fluctuations in the prices for certain commodities, exchange rate risk and interest rate risk.

All derivative financial instruments contracted by the Group are formally designated as hedges on their date of acquisition under the cash flow model.

Derivative financial commodities (Commodities)

As part of its commodity hedging strategy during 2024 and 2023, the Group used derivative financial instruments to mitigate the risk of price fluctuations.

The total amounts of the Group's commodity hedges in effect as of December 31, 2024 and 2023 are as follows:

December 31, 2024

Instrument	Counterparty	Notional amount U.S. dollars	Notional amount (MXN)	Expiration date	Position	Fair value (USD)	Fair value (MXN)
Futures	CME Clearing*	16,023	Ps 328,633[1]	Sundry	Call (long)	(1,491)	Ps. (30,586)
Options	CME Clearing*	21,687	444,801[1]	Sundry	(long)	2,045	41,951
Swaps & Options	OTC	122,713	2,516,890[1]	Sundry	(long)	(5,120)	(105,016)

December 31, 2023

Instrument	Counterparty	Notional amount U.S. dollars	Notional amount (MXN)	Expiration date	Position	Fair value (USD)	Fair value (MXN)
Futures	CME Clearing*	33,387	Ps. 564,017[1]	Sundry	Call (long)	(1,293)	Ps. (21,848)
Options	CME Clearing*	8,660	146,294[1]	Sundry	(long)	627	10,584
Swaps & Options	OTC	32,970	556,971[1]	Sundry	(long)	(1,274)	(21,527)

* Clearing Member authorized by Chicago Mercantile Exchange.

OTC (Over The Counter) financial instruments contracted with international financial institutions specialized in this type of products.

(1) Pounds of commodities covered at agreed price.

Foreign currency derivatives

With respect to its raw material purchases and export sales of various products, both in foreign currency, the Group is exposed to fluctuations in the peso-U.S. dollar exchange rate, and for this reason the Board of Directors has approved a risk management strategy in order to mitigate the currency risk arising from such transactions.

As of December 31, 2024 and 2023, the principal characteristics of the Group's hedging contracts are as follows:

December 31, 2024

Instrument	Counterparty	Notional amount (USD)	Notional amount (MXN)	Expiration date	Position	Fair value (MXN)
Forwards	National bank*	118,422	Ps. 2,220,555	Sundry	Call (long)	Ps. 291,061
		118,422	Ps. 2,220,555			Ps. 291,061

December 31, 2023

Instrument	Counterparty	Notional amount (USD)	Notional amount (MXN)	Expiration date	Position	Fair value (MXN)
Forwards	National bank*	132,107	Ps. 2,368,214	Sundry	Call (long)	Ps. (65,521)
		132,107	Ps. 2,368,214			Ps. (65,521)

* AA and AAA rated financial institutions, according to the national grading scale for issuers of long term debt.

As of December 31, 2024 and 2023, Group management has assessed the effectiveness of the Group's hedging relationships, and concluded that they are highly effective, and that the hedge ratio meets the risk management criteria established from the business standpoint.

Interest rate derivatives

In order to mitigate the risk of adverse movements attributable to the interest rate on long-term debt with financial institutions, bearing interest at variable rates and which are recognized in the consolidated statement of financial position, Group management contracts interest rate swaps to convert floating interest rates into fixed interest rates.

As of December 31, 2024 and 2023, the Group does not have current interest rate derivatives

As of December 31, 2024 and 2023, the net effect for the Group's hedging relationships under the cash flow model recorded in equity, including the deferred income tax effect amounts Ps. (30,563) and Ps. (107,800), respectively. The amount included in equity as a component of other comprehensive income will be recognized simultaneously in profit or loss when the item being hedged affects earnings; such amount is subject to changes due to prevailing market conditions.

The tables below show the periods in which the expected cash flows associated with the cash flow hedging relationships are expected to occur and expected to affect the statement of profit or loss, as well as the carrying amount of derivative financial instruments designated in these hedging relationships in effect as of December 31, 2024 and 2023:

December 31, 2024	Carrying amount	Total	1 year	2 year
Listed commodity options				
Asset	Ps. 41,951	Ps. 41,951	Ps. 41,951	Ps. -
Exchange rate forwards				
Liability	Ps. 291,061	Ps. 291,061	Ps. 291,061	Ps. -
Commodity futures				
Liability	Ps. (30,586)	Ps. (30,586)	Ps. (30,586)	Ps. -
OTC commodity options and swaps				
Liability	Ps. (105,016)	Ps. (105,016)	Ps. (116,278)	Ps. 11,262

December 31, 2023	Carrying amount	Total	1 year
Listed commodity options			
Asset	Ps. 10,584	Ps. 10,584	Ps. 10,584
Exchange rate forwards			
Liability	Ps. (65,521)	Ps. (65,521)	Ps. (65,521)
Commodity futures			
Liability	Ps. (21,848)	Ps. (21,848)	Ps. (21,848)
OTC commodity options and swaps			
Liability	Ps. (21,527)	Ps. (21,527)	Ps. (21,527)

Fair value vs. carrying amount

The following table shows the carrying amounts and fair values of the Group's derivative and non-derivative assets and liabilities, including the hierarchy of the assets and liabilities. The exclusion of the fair values of certain financial assets and liabilities not measured at fair value is due to the fact that the carrying amount is an approximation of the fair value.

	As of December 31, 2024					
	Carrying amount		Fair value			
	Hedging instruments	Other financial instruments	Level 1	Level 2	Level 3	Total
Non-derivative financial assets measured at fair value						
Cash and cash equivalents	Ps. -	Ps. 3,286,767	Ps. 3,286,767	Ps. -	Ps. -	Ps. 3,286,767
Non-derivative financial assets not measured at fair value						
Trade receivables	-	3,768,145	-	-	-	-
Non-derivative financial assets measured at fair value						
AUA Private Equity Parallel Fund, LP	-	19,462	-	-	19,462	19,462
Anteris Capital Venture Lending Fund I, LP	-	19,448	-	-	19,448	19,448
Yaax Capital, LP	-	3,091	-	-	3,091	3,091
Re Banuc, S.A.P.I. de C.V.	-	22,171	-	-	22,171	22,171
G Squared Fund V, LP	-	9,119	-	-	9,119	9,119
B37 Ventures II, LP	-	46,264	-	-	46,264	46,264
B37 Ventures Dexterity Sidecar Fund, LP	-	10,255	-	-	10,255	10,255
L Catterton Latin America III, LP	-	20,009	-	-	20,009	20,009
Autotech Fund III, LP	-	5,389	-	-	5,389	5,389

	As of December 31, 2024					
	Carrying amount		Fair value			
	Hedging instruments	Other financial instruments	Level 1	Level 2	Level 3	Total
Amplifica Fund I, LP	-	7,691	-	-	7,691	7,691
Ayam World, LLC	-	8,979	-	-	8,979	8,979
Minerva Global Holdings, Inc.	-	10,255	-	-	10,255	10,255
Nexxus Capital, S.A.P.I. de C.V.	-	12,622	-	-	12,622	12,622
Nexxus Iberia Private Equity Fund II, LP	-	7,076	-	-	7,076	7,076
McWin Food Tech Fund I, SCSp	-	13,004	-	-	13,004	13,004
Creating Culinary Communities LLC	-	102,552	-	-	102,552	102,552
MT Fund II GP	-	60,886	-	-	60,886	60,886
Total non-derivative financial assets measured at fair value	-	378,273	-	-	378,273	378,273
Derivative financial assets / liabilities measured at fair value						
Listed commodity options hedges	41,951	-	41,951	-	-	41,951
Exchange rate forwards hedges	291,061	-	-	291,061	-	291,061
Commodity futures hedges	(30,586)	-	(30,586)	-	-	(30,586)
OTC commodity options and swaps hedges	(105,016)	-	(115,492)	10,476	-	(105,016)
Total derivatives measured at fair value	197,410	-	(104,127)	301,537	-	197,410
Non-derivative financial liabilities not measured at fair value						
Sustainable bank loans in Mexican pesos	-	(994,565)	-	(1,000,000)	-	(1,000,000)
Total non-derivative financial liabilities not measured at fair value	-	(994,565)	-	(1,000,000)	-	(1,000,000)
Debt issuances:						
CEBURES HERDEZ 17	-	(1,997,424)	-	(1,956,444)	-	(1,956,444)
CEBURES HERDEZ 20	-	(2,491,633)	-	(2,168,394)	-	(2,168,394)
CEBURES HERDEZ 20-2	-	(999,206)	-	(1,007,602)	-	(1,007,602)
CEBURES HERDEZ 22L	-	(1,494,652)	-	(1,424,996)	-	(1,424,996)
CEBURES HERDEZ 22-2L	-	(1,496,872)	-	(1,506,682)	-	(1,506,682)
Total debt issuances	Ps. -	Ps. (8,479,787)	Ps. -	Ps. (8,064,118)	Ps. -	Ps. (8,064,118)

	As of December 31, 2023					
	Carrying amount		Fair value			
	Hedging instruments	Other financial instruments	Level 1	Level 2	Level 3	Total
Non-derivative financial assets measured at fair value						
Cash and cash equivalents	Ps. -	Ps. 1,986,175	Ps. 1,986,175	Ps. -	Ps. -	Ps. 1,986,175
Non-derivative financial assets not measured at fair value						
Trade receivables	-	4,096,944	-	-	-	-
Non-derivative financial assets measured at fair value						
AUA Private Equity Parallel Fund, LP	-	37,376	-	-	37,376	37,376
Anteris Capital Venture Lending Fund I, LP	-	25,625	-	-	25,625	25,625
Yaax Capital, LP	-	3,310	-	-	3,310	3,310
Re Banuc, S.A.P.I. de C.V.	-	18,802	-	-	18,802	18,802
G Squared Fund V, LP	-	10,092	-	-	10,092	10,092
B37 Ventures II, LP	-	27,689	-	-	27,689	27,689
B37 Ventures Dexterity Sidecar Fund, LP	-	10,312	-	-	10,312	10,312
L Catterton Latin America III, LP	-	19,283	-	-	19,283	19,283
Autotech Fund III, LP	-	1,304	-	-	1,304	1,304
Amplifica Fund I, LP	-	6,901	-	-	6,901	6,901
Ayam World, LLC	-	8,654	-	-	8,654	8,654
Minerva Global Holdings, Inc.	-	9,375	-	-	9,375	9,375
Nexxus Capital, S.A.P.I. de C.V.	-	11,076	-	-	11,076	11,076
Nexxus Iberia Private Equity Fund II, LP	-	471	-	-	471	471
McWin Food Tech Fund I, SCSp	-	8,517	-	-	8,517	8,517
Total non-derivative financial assets measured at fair value	-	198,787	-	-	198,787	198,787
Derivative financial assets / liabilities measured at fair value						
Listed commodity options hedges	10,584	-	10,584	-	-	10,584
Exchange rate forwards hedges	(65,521)	-	-	(65,521)	-	(65,521)
Commodity futures hedges	(21,848)	-	(21,848)	-	-	(21,848)
OTC commodity options and swaps hedges	(21,527)	-	-	(21,527)	-	(21,527)
Total derivatives measured at fair value	(98,312)	-	(11,264)	(87,048)	-	(98,312)
Non-derivative financial liabilities not measured at fair value						
Sustainable bank loans in Mexican pesos	-	(997,875)	-	(1,000,000)	-	(1,000,000)
Total non-derivative financial liabilities not measured at fair value	-	(997,875)	-	(1,000,000)	-	(1,000,000)
Debt issuances:						
CEBURES HERDEZ 17	-	(1,996,017)	-	(1,911,332)	-	(1,911,332)
CEBURES HERDEZ 20	-	(2,491,513)	-	(2,202,260)	-	(2,202,260)

	As of December 31, 2023					
	Carrying amount		Fair Value			
	Hedging instruments	Other financial instruments	Level 1	Level 2	Level 3	Total
CEBURES HERDEZ 20-2	-	(997,744)	-	(1,007,108)	-	(1,007,108)
CEBURES HERDEZ 22L	-	(1,494,548)	-	(1,494,803)	-	(1,494,803)
CEBURES HERDEZ 22-2L	-	(1,495,513)	-	(1,509,275)	-	(1,509,275)
Total debt issuances	Ps. -	Ps. (8,475,335)	-	Ps. (8,124,778)	Ps. -	Ps. (8,124,778)

6. Financial Risk Management

General

The Group is exposed to the following risks associated with its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk
- Commodity price risk
- Capital management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In the case of the Group, the positions that are exposed to credit risk are: trade receivables and OTC derivative positions with positive market value.

The allowance for doubtful accounts is calculated using an expected loss model that considers the recognition of impairment losses over the life of the financial instrument. Since the Group's accounts receivable are generally for terms of less than 12 months, the Group established an impairment assessment model using a simplified expected loss approach.

Impairment losses arising on accounts receivable are measured at the amount of the expected credit loss over the life of the financial instrument, regardless of the existence of a significant financing component. The Group applies this criterion to all of its accounts receivable.

Loss rates are based on actual credit losses from the previous year. These rates are multiplied by scalar factors to reflect different economic conditions between the period when the historical data was obtained, current economic conditions and the Group's forecasted economic conditions over the life of the accounts receivable. In addition, the Group categorizes its accounts receivable into "buckets" based on the terms and channels of the borrowers, which reflects its business model.

To determine whether the credit risk of a financial asset has increased significantly since the initial recognition of the asset and to estimate the expected credit loss, the Group uses the relevant reasonable and supportable information that is available to it without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's historical experience and an informed credit assessment.

A financial asset impairment loss is a weighted estimate of the likelihood of expected loss. The amount of the expected impairment loss is measured as the present value of any lack of liquidity (difference between the contractual cash flows corresponding to the Group and the cash flows the Group expects to receive). The expected credit loss is discounted using the financial asset's original effective interest rate.

The Group performs an annual assessment to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- observable data indicating that there is a measurable decrease in the expected cash flows

Accounts receivable

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises primarily from the Group's accounts receivable.The risk management committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references.

Customers who fail to meet the Group’s creditworthiness requirements can only carry out transactions if such transactions are paid in advance to the Group. 96% of the Group’s customers have been transacting with the Group for over four years, and none of these customers’ balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographical location, industry, trading history with the Group and existence of previous financial difficulties.

		2024		2023
Wholesale	Ps.	3,566,112	Ps.	3,916,478
Retail		64,218		44,452
End-user		16,185		8,465
Other		121,630		127,549
	Ps.	3,768,145	Ps.	4,096,944

Trade accounts receivable do not accrue interest and generally have a payment term from 30 to 60 days.

As of December 31, 2024 and 2023, the maximum exposure to credit risk for trade and other receivables by type of customer was as follows:

- As of December 31, 2024, the Group’s most significant customer accounted for 45% of the carrying amount of trade and other receivables (52% in 2023).
- Customers classified as “high risk” identified with delinquencies greater than 90 days are included in a list of restricted customers within the legal portfolio and are monitored by the risk management committee.

An analysis of the aging of the Group’s accounts receivable as of December 31, 2024 and 2023, is as follows:

		2024		2023
Performing	Ps.	2,336,543	Ps.	2,497,799
1-30 days past due		1,137,417		1,200,656
31-60 days past due		157,319		144,660
61-90 days past due		80,101		116,760
More than 90 days past due		56,765		137,069
Total portfolio provision		148,315		174,265
Total portfolio		3,916,460		4,271,209
Impairment loss on trade receivables(*)	(	148,315)	(	174,265)
Total trade receivables	Ps.	3,768,145	Ps.	4,096,944

(*) Includes impairment reserve based on expected customers’ credit loss and accounts in legal process.

As of December 31, 2024 and 2023, the Group had certain accounts receivable that were neither past due nor impaired. The credit quality for these accounts receivable shows no signs of impairment, as income is obtained from a broad variety of customers ranging from supermarkets, marketers and stores. The Group's customer portfolio is mainly comprised of wholesalers and self-service stores, which entails similar credit risk conditions and accounts

95% and 96% of the total portfolio in 2024 and 2023, respectively.

Cash and cash equivalents

The Group held cash and cash equivalents totaling Ps. 3,286,767 and Ps. 1,986,175 as of December 31, 2024 and 2023, respectively. Cash and cash equivalents are mainly represented by balances of legal tender and foreign currency in banks, bank deposits and investments in highly liquid financial instruments that are not subject to a significant risk of changes in their value, with maturities no more than 90 days. Cash and cash equivalents are initially and subsequently recognized at fair value, which are held in banks and AA and AAA rated financial institutions, according to the national grading scale for issuers of long-term debt.

Cash and cash equivalents held in foreign currencies are translated using the exchange rate at the closing date of the financial statements. The translation effects are recognized in the consolidated statement of comprehensive income as they are accrued.

Guarantees

Cash and cash equivalents include restricted cash for the following:

Margin account for commodities transactions amounts to Ps.69,423 and Ps.78,579 as of December 31, 2024 and 2023, respectively.

Trust account of Ps.155,925 and Ps.139,841 as of December 31, 2024 and 2023, respectively.

Derivatives

The carrying amount of derivative and non-derivative financial assets represents the Group's maximum credit risk exposure. The maximum loss associated with credit risk identified by the Group is as follows:

As of December 31, 2024	Carrying amount
Derivatives measured at fair value	
Listed commodity options	Ps. 41,951
Commodity futures	(30,586)
OTC commodity options and swaps	(105,016)

As of December 31, 2023	Carrying amount
Derivatives measured at fair value	
Listed commodity options	Ps. 10,584
Commodity futures	(21,848)
OTC commodity options and swaps	(21,527)

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments.

Typically, the Group ensures that it has sufficient cash on demand to meet expected working capital requirements and operational expenses, including the servicing of financial obligations, over a period of 60 days. This excludes the possible impact of extreme circumstances that are not reasonably predictable, such as natural disasters.

(*) The Group has established a voluntary factoring program that allows suppliers to obtain financing through the institutions JP Morgan Chase Bank, N.A. for dollars, BBVA Bancomer, S.A. Institución de Banca Múltiple for national currency and Fideicomiso AAA Herfin for dollars and national currency, as of December 31, 2024 and 2023 the balance of accounts payable included in the factoring programs amounts to:

December 31, 2024	Total	0 – 60 days	61 – 120 days	121 – 180 days
Total	Ps. 3,396,004	Ps. 1,632,711	Ps. 1,109,067	Ps. 654,226

December 31, 2023	Total	0 – 60 days	61 – 120 days	121 – 180 days
Total	Ps. 3,315,571	Ps. 1,546,684	Ps. 1,010,464	Ps. 758,423

As of December 31, 2024 and 2023, the amount of payments to financial institutions was as shown below:

December 31, 2024	Total
Total	Ps. 8,486,435

December 31, 2023	Total
Total	Ps. 4,860,980

Exposure to liquidity risk

An analysis of the Group's remaining contractual maturities of financial liabilities, including interest payable in the future, as of December 31, 2024 and 2023 is as follows:

	As of December 31, 2024						
		Contractual cash flows					
	Carrying amount	Total	2 months or less	2–12 months	1–2 years	2-3 years	More than 3 years
Sustainable bank loans in Mexican pesos	Ps. (994,565)	Ps. (1,704,296)	Ps. -	Ps. (114,645)	Ps. (114,192)	Ps. (234,492)	Ps. (1,240,967)
Total bank loans	Ps. (994,565)	Ps. (1,704,296)	Ps. -	Ps. (114,645)	Ps. (114,192))	Ps. (234,492)	Ps. (1,240,967)
Debt issuance:							
CEBURES HERDEZ 17	Ps. (1,997,424)	Ps. (2,466,122)	Ps. -	Ps. (186,449)	Ps. (186,449)	Ps. (2,093,224)	Ps. -
CEBURES HERDEZ 20	(2,491,633)	(3,679,967)	(98,331)	(98,331)	(196,661)	(196,661)	(3,089,983)
CEBURES HERDEZ 20-2	(999,206)	(1,077,412)	(17,539)	(1,059,873)	-	-	-
CEBURES HERDEZ 22L	(1,494,652)	(2,612,475)	-	(148,330)	(148,330)	(148,330)	(2,167,485)
CEBURES HERDEZ 22-2L	(1,496,872)	(1,810,462)	(24,897)	(145,915)	(1,639,650)	-	-
Total debt issuances	Ps. (8,479,787)	Ps. (11,646,438)	Ps. (140,767)	Ps. (1,638,898)	Ps. (2,171,090)	Ps. (2,438,215)	Ps. (5,257,468)

	As of December 31, 2023						
		Contractual cash flows					
	Carrying amount	Total	2 months or less	2–12 months	1–2 years	2-3 years	More than 3 years
Sustainable bank loans in Mexican pesos	Ps. (997,875)	Ps. (1,199,032)	Ps. (22,037)	Ps. (103,941)	Ps. (1,073,054)	Ps. -	Ps. -
Total bank loans	Ps. (997,875)	Ps. (1,199,032)	Ps. (22,037)	Ps. (103,941)	Ps. (1,073,054)	Ps. -	Ps -
Debt issuance:							
CEBURES HERDEZ 17	Ps. (1,996,017)	Ps. (2,652,571)	Ps. -	Ps. (186,449)	Ps. (186,449)	Ps. (186,449)	Ps. (2,093,224)
CEBURES HERDEZ 20	(2,491,513)	(3,876,627)	-	(196,661)	(196,661)	(196,661)	(3,286,644)
CEBURES HERDEZ 20-2	(997,744)	(1,183,299)	(19,276)	(97,568)	(1,066,455)	-	-
CEBURES HERDEZ 22L	(1,494,548)	(2,760,805)	-	(148,330)	(148,330)	(148,330)	(2,315,815)
CEBURES HERDEZ 22-2L	(1,495,513)	(1,919,692)	(27,572)	(135,884)	(134,197)	(1,622,039)	-
Total debt issuances	Ps. (8,475,335)	Ps. (12,392,994)	Ps. (46,848)	Ps. (764,892)	Ps. (1,732,092)	Ps. (2,153,479)	Ps. (7,695,683)

The Group held a supplier balance of Ps. 5,932,366 and Ps. 5,431,529, which includes Ps. 598,713 and Ps. 864,854 as of December 31, 2024 and 2023, respectively, for discount of notes payable to suppliers with Fideicomiso AAA Herfin, which is primarily engaged in promoting the economic development of these suppliers.

An analysis of the aging of these accounts payable is as follows:

December 31, 2024	Total	0-30 days	31-60 days	61-90 days	More than 90 days
Accounts payable	Ps. 598,713	Ps. 257,687	Ps. 170,356	Ps. 117,831	Ps. 52,839

December 31, 2023	Total	0-30 days	31-60 days	61-90 days	More than 90 days
Accounts payable	Ps. 864,854	Ps. 277,825	Ps. 267,616	Ps. 118,154	Ps. 201,259

iii) Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and commodity prices – will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group uses derivatives and assumes financial liabilities to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Group seeks to apply hedge accounting to mitigate volatility in profit or loss.Grupo Herdez is also exposed to risks of commodity price fluctuations, and therefore, the Group uses futures derivatives to mitigate this risk.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Group, which is the Mexican peso. The foreign currency in which these transactions are mainly denominated is the U.S. dollar (USD).

The Group hedges its exposure to exchange rate fluctuations in respect of forecast purchases from suppliers denominated in foreign currencies. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

With regard to other monetary assets and liabilities denominated in foreign currencies, the Group maintains its net exposure at an acceptable level by buying and selling foreign currencies in cash or at spot rates to address short-term imbalances.

Exposure to currency risk

The summary quantitative data about the Group's exposure to foreign currency risk as reported to the management of the Group is as follows:

	As of December 31, 2024		As of December 31, 2023	
	Mexican pesos	U.S. dollars	Mexican pesos	U.S. dollars
Cash, accounts receivable and derivatives:	Ps. 1,219,850	USD 59,475	Ps. 681,264	USD 40,327
Accounts payable and notes payable	(3,129,954)	(152,604)	(2,130,321)	(126,103)
Net exposure	Ps. (1,910,104)	USD (93,129)	Ps. (1,449,057)	USD (85,776)

The following significant exchange rates have been applied:

	Average exchange rate		Exchange rate as of December 31,	
	2024	2023	2024	2023
U.S. dollar	Ps. 18.3176	Ps. 17.7538	Ps. 20.5103	Ps. 16.8935

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar and Mexican pesos against all other currencies as of December 31, 2024 and 2023, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
As of December 31, 2024	Ps. 21.5358	Ps. 19.4848	Ps. -	Ps. -
USD (5% movement)	(2,005,608)	1,814,600	66,853	(66,853)
As of December 31, 2023	Ps. 17.7382	Ps. 16.0488	Ps. -	Ps. -
USD (5% movement)	Ps. (1,521,512)	Ps. 1,376,602	Ps. 50,719	Ps. (50,719)

Exposure to currency risk in financial liabilities (bank debt)

As of December 31, 2024 and 2023, the Group had no current position of financial liabilities denominated in foreign currency.

Exposure to currency risk in derivatives

	Carrying amount	
	2024	2023
Derivative financial instruments:		
Exchange rate forwards	Ps. 291,061	Ps. (65,521)
Commodity futures	(30,586)	(21,848)
Listed commodity options	41,951	10,584
OTC commodity options and swaps	(105,016)	(21,527)
Total	Ps. 197,410	Ps. (98,312)

As of December 31, 2024 and 2023, the consolidated statements of financial position show assets of derivative financial instruments for Ps. 343,488 and Ps. 22,610 respectively; as well as liability of derivative financial instruments for Ps. 210,701 and Ps.120,922 respectively, generating a net balance for Ps. 132,787 and Ps. (98,312) respectively. As of December 31, 2024, the difference compared to the amount shown in the table above corresponds to premiums payable upon expiration of OTC options contracts in the amount of Ps. 64,623.

The table below shows a sensitivity analysis of derivative and non-derivative assets and liabilities denominated in foreign currencies as of December 31, 2024 and 2023, if the USD-Mexican peso exchange rate increased or decreased +/- Ps.2.00 and +/- Ps. 3.50, showing the changes applicable to the exposure to this risk:

	Increase		Decrease	
December 31, 2024	Ps.3.50	Ps.2.00	(Ps.2.00)	(Ps.3.50)
Derivative financial instruments				
Exchange rate forwards	Ps 408,640	Ps. 233,508	Ps. (233,508)	Ps. (408,640)
Commodity futures	(5,219)	(2,983)	2,983	5,219
Listed commodity options	7,159	4,091	(4,091)	(7,159)
OTC commodity options and swaps	(17,920)	(10,240)	10,240	17,920
Total	Ps. 392,660	Ps. 224,376	Ps. (224,376)	Ps. (392,660)

	Increase		Decrease	
December 31, 2023	Ps.3.50	Ps.2.00	(Ps.2.00)	(Ps.3.50)
Derivative financial instruments				
Exchange rate forwards	Ps. 452,777	Ps. 258,730	Ps. (258,730)	Ps. (452,777)
Commodity futures	(4,527)	(2,587)	2,587	4,527
Listed commodity options	2,193	1,253	(1,253)	(2,193)
OTC commodity options and swaps	(4,460)	(2,549)	2,549	4,460
Total	Ps. 445,983	Ps. 254,847	Ps. (254,847)	Ps. (445,983)

Interest rate risk

The Group has adopted a policy of ensuring that its exposure to interest rate fluctuations on borrowings is at a fixed rate and not at a floating rate. This is achieved by using interest rate swaps.

In addition, the Group is exposed to interest rate fluctuations in financial liabilities: bank debt and debt issuances.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group, without accounting for hedging transactions, is as follows:

	Nominal amount	
	2024	2023
Fixed-rate instruments		
Financial liabilities in Mexican pesos	Ps. (6,000,000)	Ps. (6,000,000)
Variable-rate instruments		
Financial liabilities in Mexican pesos	Ps. (3,500,000)	Ps. (3,500,000)

Amortized cost sensitivity analysis for financial instruments

In the case of financial liabilities, which amount to Ps.6,000,000 and bear interest at a fixed rate, the amortized cost sensitivity to changes in the levels of interest rates is deemed to be nonexistent, since there is no contingency that contractually modifies the agreed interest rate (fixed) and that, therefore, affects the amortizable cost of these liabilities.

With regard to liabilities whose interest payments are subject to fluctuations in market interest rates, the sensitivity was estimated by reference to parallel changes in the market reference rates (TIIE) on the interest paid during the reporting period. The sensitivity exercise consisted of determining the impact on the amount of interest that would have been paid during 2023 for interest-bearing financial liabilities at the reporting date, with scenarios of parallel changes of: +/- 50 base points and +/- 100 base points[1].

	Increase		Decrease	
December 31, 2024	+100 bp	+50 bp	-50 bp	-100 bp
Financial liabilities:				
Sustainable bank loans	Ps. -	Ps. -	Ps. -	Ps. -
CEBURES HERDEZ 20-2	10,111	5,056	(5,056)	(10,111)
CEBURES HERDEZ 22-2L	15,167	7,583	(7,583)	(15,167)
Total	Ps. 25,278	Ps. 12,639	Ps. (12,639)	Ps. (25,278)

	Increase		Decrease	
December 31, 2023	+100 bp	+50 bp	-50 bp	-100 bp
Financial liabilities:				
Sustainable bank loans	Ps. 97	Ps. 49	Ps. (49)	Ps. (97)
CEBURES HERDEZ 20-2	10,111	5,056	(5,056)	(10,111)
CEBURES HERDEZ 22-2L	15,167	7,583	(7,583)	(15,167)
Total	Ps. 25,375	Ps. 12,688	Ps. (12,688)	Ps. (25,375)

[1] The Increase/Decrease is in respect of the carrying amount of the financial liability, whereby an increase will mean a higher liability.

As of December 31, 2024 and 2023, the Group did not have a current position of financial liabilities (bank loans) exposed to the Secured Overnight Financing Rate (SOFR).

Fair value sensitivity analysis for derivative financial instruments

The Group is exposed to the interest rate risk of the different financial instruments held. A sensitivity analysis for each of them is shown below:

Foreign currency forwards

In accordance with the valuation model on foreign currency forwards, part of the inputs are the local rate and foreign rate which subject these instruments to fluctuations in those rates; therefore, the table below shows a sensitivity analysis for each rate (local or implicit rate and foreign rate):

Local rate

December 31, 2024	Increase +100 bp	Increase +50 bp	Decrease -50 bp	Decrease -100 bp
Derivative financial instruments				
Exchange rate forwards	Ps. 6,825	Ps. 3,420	Ps. (3,435)	Ps. (6,887)

December 31, 2023	Increase +100 bp	Increase +50 bp	Decrease -50 bp	Decrease -100 bp
Derivative financial instruments				
Exchange rate forwards	Ps. 8,759	Ps. 4,391	Ps. (4,415)	Ps. (8,854)

Foreign rate (SOFR)

December 31, 2024	Increase +10 bp	Increase +5 bp	Decrease -5 bp	Decrease -10 bp
Derivative financial instruments				
Exchange rate forwards	Ps. (802)	Ps. (401)	Ps. 401	Ps. 803

December 31, 2023	Increase +10 bp	Increase +5 bp	Decrease -5 bp	Decrease -10 bp
Derivative financial instruments				
Exchange rate forwards	Ps. (890)	Ps. (445)	Ps. 445	Ps. 891

Risk of commodity price fluctuations

The Group is exposed to risks from fluctuations in the prices of its commodities; therefore, a sensitivity analysis was performed on the instruments that are affected by this risk considering scenarios of +/- 10% and +/-15%.

December 31, 2024	Increase +15%	Increase +10%	Decrease -10%	Decrease -15%
Derivative financial instruments				
Commodity futures	Ps. 44,707	Ps. 29,805	Ps. (29,805)	Ps. (44,707)
Listed commodity options	Ps. 6,293	Ps. 4,195	Ps. (4,195)	Ps. (6,293)
OTC commodity options and swaps	Ps. 336,888	Ps. 223,781	Ps. (220,093)	Ps. (328,836)

December 31, 2023	Increase +15%	Increase +10%	Decrease -10%	Decrease -15%
Derivative financial instruments				
Commodity futures	Ps. 90,360	Ps. 60,240	Ps. (60,240)	Ps. (90,360)
Listed commodity options	Ps. 1,588	Ps. 1,058	Ps. (1,058)	Ps. (1,588)
OTC commodity options and swaps	Ps. 70,864	Ps. 46,735	Ps. (43,753)	Ps. (64,195)

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group monitors performance by using key financial indicators that measure the margins of the statement of profit or loss, net leverage, interest rate hedging, returns on capital and returns on equity investments.

During the reporting periods, there were no changes in the approach to the Group's policies on capital management.

The Group and its subsidiaries are not subject to external capital requirements, except as described in Note 14.

Periodically, the Group purchases its own shares on the Mexican Stock Exchange; the timing of such purchases depends on market conditions. Buying and selling decisions are made by Management. The Group does not have a defined specific plan for the repurchase of shares.

Group management has established the following rules for managing its financial and capital risks:

- Minimum consolidated equity of Ps.14,000,000.
- Debt and its cash cost, net(2) must not exceed 3.5x the EBITDA(1) as of December 31, 2024.
- Interest hedges (EBITDA/net financing cost) must not be reduced to less than 3x.

(1) EBITDA - Operating profit plus depreciation, amortization and other items.
(2) Equal to the sum of bank loans and long-term debt less cash and cash equivalents.

7. Related Parties

Related party receivables and payables have the following conditions:

Payment and collection terms extended to related parties as customers and suppliers has a range from 30 to 90 days; accordingly, the amount of the consideration is not adjusted to recognize the effects of a significant financing component. These balances correspond to unsecured balances on leases, interest, royalties, sales commissions, administrative services, fuel, purchase of finished products and raw materials. These balances do no present guarantees.

Parent and ultimate controlling party

As mentioned in Note 1, the Group is a subsidiary of Hechos con Amor, S.A. de C.V., which belongs to a group of shareholders that exercises control over it and with which there is a relationship. It is the Group's principal holding company with 70% interests in the Group shares. The remaining 30% of the shares is owned by various shareholders.

Related party transactions

The main balances due from and to related parties is as follows:

	2024		2023	
	Debtor	Creditor	Debtor	Creditor
Holding company:				
Hechos Con Amor, S.A. de C.V. (2)	Ps. -	Ps. (13)	Ps. -	Ps. (63)
Joint ventures:				
Megamex Foods LLC (3)	270,934	-	320,429	-
Intercafé, S.A. de C.V. (3)	-	(28,315)	-	(33,582)
Avomex Inc. (3)	4,273	-	4,273	-
Other related parties:				
McCormick and Company, Inc. (3)	Ps. -	Ps. (16,697)	Ps. -	Ps. (35,147)
Barilla G.e.R. Fratelli, S. p. A. (3)	-	(107,344)	-	(35,445)
Barilla America Inc. (1)	-	(5,493)	-	(2,129)
Desc Corporativo, S.A. de C.V. (2)	-	(3,099)	-	(5,607)
Panorama Food & Snacks Holdings, S.A.P.I. de C.V. (3)	8,527	-	-	-
Herflot, S.A. de C.V. (2)	-	(474)	81	-
Blemer, S.A. de C.V. (3)	24,508	-	21,624	-
Fábrica de Envases del Pacífico S.A. de C.V. (2)	-	(86,059)	-	(89,048)
Others, net (2)	16,156	(24,621)	13,679	(28,787)
	Ps. 324,398	Ps. (272,115)	Ps. 360,086	Ps. (229,809)

(1) Balance less than 30 days past due
(2) Balance between 30 and 90 days past due
(3) Balance more than 90 days past due

The aging of these balances does not include detail of joint ventures

During the years ended December 31, 2024 and 2023, the Group had the following arm’s length transactions with its related parties:

	2024	2023
Holding company:		
Lease expenses	Ps. (61,377)	Ps. (60,308)
Joint venture:		
Sales commissions income	Ps. 33,339	Ps. 31,574
Interest received	-	1,228
Sale of materials and finished products	1,961,602	1,617,557
Other income	595	3
Associates:		
Purchase of materials	Ps. (723,787)	Ps. (824,340)
Interest received	2,132	899
Other related parties		
Lease expenses	Ps. (79,117)	Ps. (81,311)

	2024	2023
Other related parties		
Freight services	Ps. (129,506)	Ps. (117,637)
Interest earned	658	189
Payment of royalties [1]	(616,169)	(630,078)
Payment of administrative and strategic services	(49,823)	(43,509)
Payment for product import purchases	(361,151)	(220,140)
Sale of finished product and materials	1,204,555	925,007
Other (expenses) income net	(36,729)	2,632

(1) Payment for the use of trademarks: McCormick and Barilla to McCormick and Company, Inc. and Barilla G.e.R. Fratelli, S.p.A

Key management personnel compensation

The key management members received the following compensation, which is included in personnel costs as part of the general expenses caption in the consolidated statement of profit or loss. An analysis is as follows:

	2024	2023
Short- and long-term direct benefits	Ps. 74,915	Ps. 86,173
Termination benefits	2,148	717
	Ps. 77,063	Ps. 86,890

The amounts showed in this table correspond to the variable compensation of key management personnel, which includes: i) cash bonuses that are determined based on the Company's key financial performance indicators, as well as financial and non-financial indicators of each executive individually, and ii) bonuses that are distributed when the Company's results exceed the operating profit budget. Additionally, these amounts also include termination benefits paid to key management personnel.

8. Inventories

An analysis of the Group’s inventories as of December 31, 2024 and 2023 is as follows:

	2024	2023
Finished goods, net [1]	Ps. 3,204,874	Ps. 3,139,893
Semi-finished goods	13,367	19,606
Raw materials and packaging materials, net [2]	1,290,609	1,049,452
Materials in co-packers and consignees possession	492,160	456,688
Merchandise in transit	105,726	130,465
Spare parts warehouse	260,247	220,006
Total	Ps. 5,366,983	Ps. 5,016,110

The period for carrying out inventories is 95 and 82 days as of December 31, 2024 and 2023, respectively.

Turnover of spare parts inventory is below 365 days (average of 302 days), therefore, allocation to cost of goods sold is recognized based on inventory consumption.

(1) As of December 31, 2024 and 2023, the Group has recognized a reserve for obsolete and impairment inventories due to net realization value of finished goods of Ps.49,003 and Ps.62,526, respectively.

(2) As of December 31, 2024 and 2023, the Group has recognized a reserve for obsolete inventories of packaging and raw materials of Ps.19,566 and Ps.9,007, respectively.

Inventories recognized in profit or loss as part of cost of sales for the years ended December 31, 2024 and 2023 totaled Ps.18,757,409 and Ps.18,748,840, respectively.

9. Accounts Receivable

An analysis of accounts receivable is as follows:

	2024	2023
Trade receivables	Ps. 3,916,460	Ps. 4,271,209
Impairment loss on trade receivables	(148,315)	(174,265)
	3,768,145	4,096,944
Debtors	111,907	90,287
Total accounts receivable	Ps. 3,880,052	Ps. 4,187,231

Trade accounts receivable do not accrue interest and generally have a payment term from 30 to 60 days.

Changes in impairment provision of trade receivables for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
As of January 1st,	Ps. 174,265	Ps. 135,512
Plus additions	1,572	53,669
Less amounts utilized and reversals	(27,522)	(14,916)
Provision as of December 31	Ps. 148,315	Ps. 174,265

10. Property, Machinery and Equipment

An analysis of property, machinery and equipment as of December 31, 2024 and 2023 is as follows:

	Balance as of December 31, 2023	Additions	Disposals	Transfers	Others	Balance as of December 31, 2024
Building	Ps. 2,755,226	Ps. 14,309	Ps. (75,116)	Ps. 53,352	Ps. -	Ps. 2,747,771
Machinery and tools	5,428,189	113,341	(172,687)	211,645	-	5,580,488
Office furniture and equipment	237,497	13,264	(5,105)	5,568	-	251,224
Stowing equipment and transportation equipment	659,649	196	(2,210)	8,838	-	666,473
Electronic data equipment	392,631	5,850	(8,593)	34,875	8	424,771
Original investment	9,473,192	146,960	(263,711)	314,278	8	9,670,727
Accumulated depreciation	(5,124,566)	(545,963)	240,771	-	-	(5,429,758)
Original investment less depreciation	4,348,626	(399,003)	(22,940)	314,278	8	4,240,969
Land	420,285	-	-	-	-	420,285
Reserve for de-value	(48,816)	-	-	-	-	(48,816)
Impairment loss	(51,656)	-	-	-	(56,254)	(107,910)
Construction in process	593,765	524,915	(12,898)	(314,278)	-	791,504
Total fixed assets	Ps. 5,262,204	Ps. 125,912	Ps. (35,838)	Ps. -	Ps. (56,246)	Ps. 5,296,032

	Balance as of December 31, 2022	Additions	Disposals	Transfers	Others	Balance as of December 31, 2023
Building	Ps. 2,673,407	Ps. 38,695	Ps. (71,965)	Ps. 110,822	Ps. 4,267	Ps. 2,755,226
Machinery and tools	4,869,591	50,493	(151,732)	672,315	(12,478)	5,428,189
Office furniture and equipment	228,776	16,393	(7,837)	2,677	(2,512)	237,497
Stowing equipment and transportation equipment	613,153	4,024	(64,488)	108,190	(1,230)	659,649
Electronic data equipment	392,850	3,544	(60,737)	58,041	(1,067)	392,631
Original investment	8,777,777	113,149	(356,759)	952,045	(13,020)	9,473,192
Accumulated depreciation	(4,900,649)	(555,957)	310,131	-	21,909	(5,124,566)
Original investment less depreciation	3,877,128	(442,808)	(46,628)	952,045	8,889	4,348,626
Land	420,242	43	-	-	-	420,285
Reserve for de-value	(48,816)	-	-	-	-	(48,816)
Impairment loss	(10,667)	-	-	-	(40,989)	(51,656)
Construction in process	1,062,635	499,117	(15,942)	(952,045)	-	593,765
Total fixed assets	Ps. 5,300,522	Ps. 56,352	Ps. (62,570)	Ps. -	Ps. (32,100)	Ps. 5,262,204

During 2024 depreciation expense totaled Ps.560,281, of which Ps. 331,130 was included in cost of sales, Ps.218,975 in selling expenses and Ps. 10,176 in administrative expenses.

During 2023 depreciation expense totaled Ps.563,944, of which Ps.327,864 was included in cost of sales, Ps.224,590 in selling expenses and Ps.11,490 in administrative expenses.

Allowance for unused fixed assets

During the year, the Group recognized in other expenses an impairment effect of fixed assets of Ps.56,254. As of December 31, 2024 and 2023, the allowance balance for unused fixed assets was Ps.156,726 and Ps.100,472 respectively.

Construction in process

During 2024, the Group developed projects that will increase its production capacity totaling Ps.524,915, which are expected to be completed in 2025; in addition, the outstanding estimated investment related to such constructions in process amounts to Ps.921,929.

As of December 31, 2024 and 2023, there are not capitalized financial costs.

11. Intangible Assets and Goodwill

An analysis of intangible assets as of December 31, 2024 and 2023 is as follows:

	Goodwill	Patents and trademarks	Licenses	Software	Intangible in process [(1)]	Intangible assets with finite useful lives [(2)]	Total intangible assets
Balance as of December 31, 2022	Ps. 4,493,246	Ps. 2,550,426	Ps. 222,384	Ps. 227,318	Ps. -	Ps. 188,901	Ps. 7,682,275
Additions	28,993	-	-	188,726	-	7,000	224,719
Business acquisitions	-	-	-	(15,000)	-	(6,784)	(21,784)
Disposals	-	(5,349)	-	-	-	-	(5,349)
Amortization for the year	-	-	(18,318)	(61,227)	-	(10,381)	(89,926)
Balance as of December 31, 2023	4,522,239	2,545,077	204,066	339,817	-	178,736	7,789,935
Additions	12,250	-	-	56,373	388,040	-	456,663
Disposals	-	-	-	(2,006)	-	(596)	(2,602)
Impairment loss	-	-	(18,318)	(79,622)	-	(9,527)	(107,467)
Balance as of December 31, 2024	Ps. 4,534,489	Ps. 2,545,077	Ps. 185,748	Ps. 314,562	Ps. 388,040	Ps. 168,613	Ps. 8,136,529

(1) During the period ended December 31, 2024, capitalizable costs were incurred for the construction of software projects, which are housed in intangibles in process.

(2) Corresponds to non-competition agreements, developed technology and customer relationships.

Amortization

The amortization of intangible assets for the years ended December 31, 2024 and 2023 is recognized as part of cost of sales, administrative and selling expenses in the statement of profit or loss.

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) and monitored at the Group's operating segment level.

A summary of goodwill allocated to each operating segment is as follows:

	2024	2023
Goodwill related to preserves segment	Ps. 3,191,113	Ps. 3,191,113
Goodwill related to Impulse segment	1,343,376	1,331,126
	Ps. 4,534,489	Ps. 4,522,239

The cash flows after this period are extrapolated using the estimated growth rates indicated below, which do not exceed the average long-term growth rate for the business in which each CGU and/or operating segment operates.

The key assumptions used in the estimation of the value in use in 2024 are as follows:

	Preserves segment	Impulse segment
Gross margin	39%	60%
Long-term growth rate	3.65%	3.65%
Discount rate	11.16%(1), 10.68%(2) y 11.28%(3)	11.85%

(1) Rate applied for HDF CGU
(2) Rate applied for McMx CGUs.
(3) Rate applied for Pasta CGUs.

The key assumptions used in the estimation of the value in use in 2023 are as follows:

	Preserves segment	Impulse segment
Gross margin	38%	59%
Long-term growth rate	3.60%	3.60%
Discount rate	10.69%(1), 9.99%(2) y 10.42%(3)	11.87%

(1) Rate applied for HDF CGU
(2) Rate applied for McMx CGUs.
(3) Rate applied for Pasta CGUs.

These assumptions have been used for each CGU.

The gross margin is budgeted based on past experience and the expected development of each market.

As of December 31, 2024, the discount rate was a pre-tax measure determined on past experience and the weighted average cost of capital in the industry that is based on a possible debt leveraging ratio of 34.97% [(1)], 34.67% [(2)] and 26.97% [(3)] at a market interest rate of 4.12%. The discount rate for the Impulse CGU is based on a possible debt leveraging ratio of 32.84% at a market interest rate of 4.12%.

Five to seven years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the long-term annual growth rate estimated by management, which it believes is consistent with the assumption that a market participant would use.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five to seven years and the estimated sales volume and price growth for the next five to seven years according to the business line. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five to seven years, in line with information obtained from external brokers who publish a statistical analysis of long-term market trends.

12. Equity-accounted Investees

As of December 31, 2024 and 2023, equity investments in associates of Ps.7,330,341 and Ps. 6,525,459, respectively, correspond to Megamex investment of Ps.6,461,483 and Ps. 5,857,394, respectively, and other investments totaling Ps.868,858 and Ps. 668,065, respectively (see Note 13).

The Group’s share of profit of its equity-accounted investees for the years ended December 31, 2024 and 2023 totaled Ps.408,983 and Ps. 771,899, respectively.

13. Investments in Associates and Other Equity Investments

Megamex Foods, LLC (Megamex) was incorporated on October 21, 2009 in the United States of America. Megamex is a joint venture between Hormel Foods Corporation and Authentic Specialty Foods Inc. (ASF), which is a subsidiary of Herdez Del Fuerte. This investment is accounted for using the equity method in the statement of profit or loss of Authentic Specialty Foods Inc.

Megamex is engaged in producing, distributing and selling a variety of Mexican products, primarily to supermarkets, food services, distributors, retailers and convenience stores. Some of the products marketed by Megamex are produced by Herdez Del Fuerte in Mexico.

Highlights of the consolidated financial information of Megamex included in its consolidated financial statements are included below. The following table reconciles the summary financial information with the carrying amount of ASF’s investment.

	2024	2023
Non-current assets	Ps. 10,864,663	Ps. 9,531,510
Current assets	4,236,666	3,992,061
Non-current liabilities	706,554	526,344
Current liabilities	1,472,067	1,282,673
Net assets (100%)	12,922,708	11,714,554
Group's share of net assets (50%)	6,461,483	5,857,394
Net sales	14,923,023	14,888,960
Interest income	151	-
Total profit and comprehensive income (100%)	840,694	1,506,540
Group's share of profit and other comprehensive income (50%)	420,355	753,285
Dividends collected from MegaMex Foods	363,976	718,608

As of December 31, 2024 and 2023, the Group collected dividends from its associate Megamex Foods, LLC in the amounts of USD 20 and USD 40 million, respectively.

Highlights of the financial information pertaining to the main equity-accounted associates, including in the Group's share of equity, is as follows:

As of December 31, 2024	% equity interest	Investment
Fábrica de Envases del Pacífico, S.A. de C.V.	50%	Ps. 347,310
Intercafé, S.A. de C.V.	50%	94,888
Dianco México, S.A.P.I. de C.V.	44.62%	13,296
Cielito Querido Legado, S.A. de C.V.	50%	11,511
Other investments		23,580
		Ps. 490,585

As of December 31, 2023	% equity interest	Investment
Fábrica de Envases del Pacífico, S.A. de C.V.	50%	Ps. 338,145
Intercafé, S.A. de C.V.	50%	85,997
Dianco México, S.A.P.I. de C.V.	44.62%	13,296
Cielito Querido Legado, S.A. de C.V.	50%	10,079
Other investments		21,761
		Ps. 469,278

A summary of other investments is as follows:

As of December 31, 2024	Investment
AUA Private Equity Parallel Fund, LP	Ps. 19,462
Anteris Capital Venture Lending Fund I, LP	19,448
Yaax Capital, LP	3,091
Re Banuc, S.A.P.I. de C.V.	22,171
G Squared Fund V, LP	9,119
B37 Ventures II, LP	46,264
B37 Ventures Dexterity Sidecar Fund, LP	10,255
L Catterton Latin America III, LP	20,009
Autotech Fund III, LP	5,389
Amplifica Fund I, LP	7,691
Ayam World, LLC	8,979

As of December 31, 2024		Investment
Minerva Global Holdings, Inc.		10,255
Nexxus Capital, S.A.P.I. de C.V.		12,622
Nexxus Iberia Private Equity Fund II, LP		7,076
McWin Food Tech Fund I, SCSp		13,004
Creating Culinary Communities LLC		102,552
MT Fund II GP		60,886
	Ps.	378,273

As of December 31, 2023		Investment
AUA Private Equity Parallel Fund, LP	Ps.	37,376
Anteris Capital Venture Lending Fund I, LP		25,625
Yaax Capital, LP		3,310
Re Banuc, S.A.P.I. de C.V.		18,802
G Squared Fund V, LP		10,092
B37 Ventures II, LP		27,689
B37 Ventures Dexterity Sidecar Fund, LP		10,312
L Catterton Latin America III, LP		19,283
Autotech Fund III, LP		1,304
Amplifica Fund I, LP		6,901
Ayam World, LLC		8,654
Minerva Global Holdings, Inc.		9,375
Nexxus Capital, S.A.P.I. de C.V.		11,076
Nexxus Iberia Private Equity Fund II, LP		471
McWin Food Tech Fund I, SCSp		8,517
	Ps.	198,787

The Group has capital committed for investment totaling Ps.165.1 million as of December 31 2024.

14. Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost in order to provide more information about the Group's exposure to interest rate risk, foreign currency risk and liquidity risk (see Note 6 ii)).

An analysis of notes payable, as well as short-term and long-term debt is as follows:

		2024		2023
Structured notes in Mexican pesos, maturing on May 20, 2027, bearing interest (payable semi-annually) at a rate of 9.22%.	Ps.	2,000,000	Ps.	2,000,000
Structured notes in Mexican pesos, maturing on August 19, 2025, bearing interest (payable monthly) at the 28-day TIIE rate + 0.89%.		1,000,000		1,000,000

	2024		2023	
Structured notes in Mexican pesos, maturing on August 13, 2030, bearing interest (payable semi-annually) at a rate of 7.78%.		2,500,000		2,500,000
Structured notes in Mexican pesos, maturing on June 16, 2032, bearing interest (payable semi-annually) at a rate of 9.78%.		1,500,000		1,500,000
Structured notes in Mexican pesos, maturing on December 9, 2026, bearing interest (payable monthly) at the 28 day TIIE rate + 0.31%		1,500,000		1,500,000
Bank loan in Mexican pesos with Bancomext, maturing on November 30, 2034, bearing interest (payable monthly) at the 28-day TIIE rate + 1.03%.		1,000,000		-
Bank loan in Mexican pesos with BBVA, maturing on August 22, 2025, bearing interest (payable monthly) at the 28-day TIIE rate + 1.23%.		-		500,000
Bank loan in Mexican pesos with Scotiabank, maturing on October 22, 2025, bearing interest (payable monthly) at the 28-day TIIE rate + 1.35%.		-		500,000
Total short- and long-term loans and notes payable.		9,500,000		9,500,000
Less current portion:		1,000,000		-
Long-term notes payable, excluding current maturities		8,500,000		9,500,000
Cost of issuance of unamortized structured notes and bank loans	(	25,648)	(	26,790)
Long-term maturity, net, excluding current maturities	Ps.	8,474,352	Ps.	9,473,210

In November 2024, the Group paying off bank loans by Ps.1,000 million.

Loan covenants

The main affirmative and negative covenants are as follows:

- Minimum consolidated equity of Ps.14,000,000.
- Debt and its cash cost, net must not exceed 3.5x the EBITDA as of December 31, 2024.
- Interest hedges (EBITDA/net financing cost) must not be reduced to less than 3x.

As of December 31, 2024, the Group has committed credit lines totaling Ps.1,500,000 entered into with AA and AAA rated financial institutions, according to the national grading scale for issuers of long-term debt. Interest is payable at the TIIE interest rate plus an applicable margin.

Deferred income

An analysis of deferred income as of December 31, 2024 and 2023 is as follows:

	2024	2023
Franchise rights [1]	Ps. 3,816	Ps. 2,420
	Ps. 3,816	Ps. 2,420

[1] Unamortized franchise rights of Nutrisa with amortization periods of more than one year.

15. Leases

Leases as lessee

The Group primarily leases real estate and transportation equipment. Information about leases for which the Group is a lessee is presented below.

a) Right-of-use assets

	Balance as of December 31, 2023	Additions	Disposals	Depreciation	Others	Transfers	Balance as of December 31, 2024
Buildings	Ps. 2,142,748	Ps. 223,332	Ps. (186,564)	Ps. -	Ps. 390,493	Ps. -	Ps. 2,570,009
Transportation equipment	418,104	62,282	(5,888)	-	(5,445)	(38)	469,015
Machinery	15,313	-	(248)	-	257	-	15,322
Right-of-use assets	2,576,165	285,614	(192,700)	-	385,305	(38)	3,054,346
Accumulated depreciation	-	-	-	-	-	-	-
Buildings	(1,340,586)	(25,458)	47,683	(415,439)	(6,930)	-	(1,740,730)
Transportation equipment	(263,044)	(5,032)	1,283	(55,854)	680	38	(321,929)
Machinery	(6,689)	-	51	(4,289)	31	-	(10,896)
Accumulated depreciation	(1,610,319)	(30,490)	49,017	(475,582)	(6,219)	38	(2,073,555)
Right-of-use assets	965,846	255,124	(143,683)	(475,582)	379,086	-	980,791
Leasing rights	170,892	2,639	(799)	(95,905)	-	-	76,827
Right-of-use assets, net	Ps. 1,136,738	Ps. 257,763	Ps. (144,482)	Ps. (571,487)	Ps. 379,086	Ps. -	Ps. 1,057,618

	Balance as of December 31, 2022	Additions	Disposals	Depreciation	Others	Transfers	Balance as of December 31, 2023
Buildings	Ps. 1,645,010	Ps. 393,702	Ps. (185,983)	Ps. -	Ps. 302,906	Ps. (12,887)	Ps. 2,142,748
Transportation equipment	323,649	101,886	(7,031)	-	(400)	-	418,104
Machinery	-	78	-	-	2,348	12,887	15,313
Right-of-use assets	1,968,659	495,666	(193,014)	-	304,854	-	2,576,165
Accumulated depreciation:							
Buildings	(968,214)	(48,765)	23,765	(341,746)	(6,744)	1,118	(1,340,586)
Transportation equipment	(214,766)	(8,908)	1,125	(40,930)	435	-	(263,044)
Machinery	-	(24)	-	(5,411)	(136)	(1,118)	(6,689)
Accumulated depreciation	(1,182,980)	(57,697)	24,890	(388,087)	(6,445)	-	(1,610,319)
Right-of-use assets	785,679	437,969	(168,124)	(388,087)	298,409	-	965,846
Leasing rights	216,956	84,764	(32,398)	(98,430)	-	-	170,892
Right-of-use assets, net	Ps. 1,002,635	Ps. 522,733	Ps. (200,522)	Ps. (486,517)	Ps. 298,409	Ps. -	Ps. 1,136,738

Initial costs paid to a lessor

These represent leasehold rights in commercial establishments paid to a lessor. Amortization is determined on a straight-line basis.

b) Amounts recognized in profit or loss

Upon initial adoption of IFRS 16, the Group recognized depreciation and interest expense instead of rental expense, together with a tax provision and, where applicable, the corresponding non-controlling interest. As of December 31, 2024 and 2023, the Group recognized the following amounts in its statement of profit or loss:

	Amounts as of December 31, 2024	Amounts as of December 31, 2023
Recognition of depreciation expense	Ps. 485,753	Ps. 427,774
Total lease payments	(547,540)	(480,047)
Recognition of other (income) / expenses	(4,763)	(5,520)
Recognition of interest expense	81,973	76,543
Expenses relating to short-term leases	182,355	190,458
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	238,148	27,719
Recognition of foreign exchange (gain) / expense	21,893	(27,343)
Tax provision	(11,168)	2,661
Other expenses / (income)	1,338	53

c) Lease liabilities

An analysis of lease liabilities and unaccrued lease interest as of December 31, 2024 and 2023 is as follows:

	Lease liabilities	Unaccrued interest	Lease liability, net
Balance as of January 1st, 2024	Ps. (1,088,287)	Ps. 110,922	Ps. (977,365)
Additions	(336,849)	46,868	(289,981)
Disposals	196,436	(17,074)	179,362
Others	(466,628)	81,309	(385,319)
Exchange fluctuations	(22,951)	1,058	(21,893)
Payments	547,540	(81,973)	465,567
Balance as of December 31, 2024	Ps. (1,170,739)	Ps. 141,110	Ps. (1,029,629)
Short term	Ps. (508,807)	Ps. 68,845	Ps. (439,962)
Long term	(661,932)	72,265	(589,667)
Balance as of December 31, 2024	Ps. (1,170,739)	Ps. 141,110	Ps. (1,029,629)

	Lease liabilities	Unaccrued interest	Lease liability, net
Balance as of January 1st, 2023	Ps. (893,142)	Ps. 87,521	Ps. (805,621)
Additions	(578,903)	74,775	(504,128)
Disposals	228,863	(21,868)	206,995
Others	(353,786)	48,329	(305,457)
Exchange fluctuations	28,635	(1,292)	27,343
Payments	480,046	(76,543)	403,503
Balance as of December 31, 2023	Ps. (1,088,287)	Ps. 110,922	Ps. (977,365)
Short term	Ps. (516,080)	Ps. 64,019	Ps. (452,061)
Long term	(572,207)	46,903	(525,304)
Balance as of December 31, 2023	Ps. (1,088,287)	Ps. 110,922	Ps. (977,365)

16. Employee Benefits

	2024	2023
Obligations in the consolidated statement of financial position arising from:		
Pension plan and seniority premiums	Ps. (767,245)	Ps. (631,910)
Net defined benefit obligation	(560,907)	(435,142)
Pension plan and seniority premiums		
Net periodic benefit expense	114,014	62,884
Actuarial loss (gain) recognized in the consolidated statement of comprehensive income before income tax	76,635	6,403
Accumulated actuarial loss from prior years recognized in the consolidated statement of comprehensive income	Ps. 158,274	Ps. 81,639

a) Employee benefits

Some entities of the Group offer their employees a defined benefit pension plan in Mexico, on the basis of pensionable compensation and years of service of the employees. The Plan Assets (PA) that support these plans are held in trusts, foundations or similar institutions regulated under local laws and by each country's accepted practices, which also regulate the nature of the relationship between the Group and trustees (or equivalent) and the composition thereof.

An analysis of the defined benefit plan assets is as follows:

	2024	2023
Variable yield	Ps. 49,232	Ps. 52,816
Debt instruments	156,260	149,373
Fair value of plan assets	Ps. 205,492	Ps. 202,189

The amounts recognized in the consolidated statement of financial position as of December 31, 2024 and 2023 are as follows:

	2024	2023
Defined benefit obligation	Ps. (767,245)	Ps. (631,910)
Fair value of plan assets	205,492	202,189
Variations in assumptions and adjustments	846	(5,421)
Net defined benefit obligation	Ps. (560,907)	Ps. (435,142)

An analysis of changes in the Group's net defined benefit obligation is as follows:

	2024	2023
As of January 1st,	Ps. 631,910	Ps. 569,855
Current-year service cost	82,214	35,515
Interest cost	51,284	45,374
Actuarial (gains)	66,761	(3,978)
Benefits paid	(64,924)	(14,856)
As of December 31,	Ps. 767,245	Ps. 631,910

An analysis of changes in the fair value of plan assets is as follows:

	2024	2023
As of January 1st,	Ps. 202,189	Ps. 188,515
Actual return on plan assets	4,862	16,882
Employer contributions	-	6,159
Benefits paid on plan assets	(1,559)	(9,367)
As of December 31,	Ps. 205,492	Ps. 202,189

The amounts recognized in profit or loss are as follows:

	2024	2023
Current-year service cost	Ps. 81,911	Ps. 35,515
Interest cost (a)	51,284	45,374
Expected return on plan assets (b)	(19,181)	(18,005)
Net interest income (a + b)	32,103	27,369
Total included in personnel costs and expenses	Ps. 114,014	Ps. 62,884

The cost of the period 2024 totaled Ps.114,014, of which Ps.34,109 was included in cost of sales, Ps.39,306 in administrative expenses and Ps.40,599 in selling expenses.

The cost of the period 2023 totaled Ps.62,884, of which Ps.23,963 was included in cost of sales, Ps.11,320 in administrative expenses and Ps.27,601 in selling expenses.

b) Defined benefit obligation

(i) Actuarial

The main variables used in the actuarial calculations were the following:

Discount rate

To determine the discount rate the actuary used a methodology with a zero coupon government bond curve, where each payment flow is discounted at the zero-coupon rate, and converted using “Bootstrapping” to zero-coupon bonds (“spot” rates) over periods ranging from 6 months to 30 years. Each payment flow is discounted using the applicable “spot” zero-coupon rate according to the timing of payment. Therefore, the discount rate represents the single rate whose present value of cash flows is equal to that obtained with the zero-coupon rates. In this way, the recommended discount rate to determine the obligations as of December 31, 2024 and 2023 was 10.25% and 9.75%, respectively.

Long-term inflation rate

Banco de México established a long-term inflation goal of 3.50%, which is the rate used for the valuation of labor obligations.

Expected salary increase rate

Based on the Group’s experience, it has been observed that salary increases are based on annual inflation, thus a nominal rate of 4.75% was used for 2024 and 2023.

Expected return on plan assets

The expected return rate on plan assets is consistent with the discount rate reported by the actuary and it was determined in accordance with IAS 19.

The main actuarial assumptions used were as follows:

	2024	2023
Discount rate	10.25%	9.75%
Expected salary increase rate	4.75%	4.75%
Minimum salary increase rate	3.50%	3.50%
Long-term inflation rate	3.50%	3.50%

ii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Total	
December 31, 2024	Increase	Decrease
Seniority premiums:		
Defined benefit obligation:		
Discount rate (1% movement)	Ps. 11,615	Ps. (13,014)
Future salary growth (1% movement)	(6,111)	5,865

December 31, 2024	Total Increase	Total Decrease
Pension plan:		
Defined benefit obligation:		
Discount rate (1% movement)	Ps. 23,967	Ps. (22,411)
Future salary growth (1% movement)	(18,949)	17,137

December 31, 2023	Total Increase	Total Decrease
Seniority premiums:		
Defined benefit obligation:		
Discount rate (1% movement)	Ps. 8,368	Ps. (9,393)
Future salary growth (1% movement)	(4,767)	4,752
Pension plan:		
Defined benefit obligation:		
Discount rate (1% movement)	Ps. 20,945	Ps. (23,787)
Future salary growth (1% movement)	(24,707)	22,044

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

17. Income Tax

Income tax

The Mexican Income Tax Law (MITL) in effect as of January 1st, 2014 establishes an income tax rate of 30% for 2014 and thereafter.

The Group's tax results differ from its book results primarily due to timing differences for items of revenue or expense that are recognized in one period for tax purposes, but in a different period for book purposes, differences in the recognition of the effects of inflation for tax purposes, and differences for items that are recognized for book or tax purposes only.

Amounts recognized in profit or loss

An analysis of income tax recognized in profit or loss for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Current income tax	Ps. 2,116,372	Ps. 1,916,956
Deferred income tax	(578,900)	(177,126)
Total income tax	Ps. 1,537,472	Ps. 1,739,830

Amounts recognized in other comprehensive income are as follows:

	2024			2023		
	Before tax	Income tax effect	Net of tax	Before tax	Income tax effect	Net of tax
Remeasurements of defined benefit (liability)/asset	Ps. (77,968)	Ps. 13,680	Ps. (64,288)	Ps. (10,469)	Ps. 5,415	Ps. (5,054)
Foreign business – foreign currency translation effects	718,458	-	718,458	(709,934)	-	(709,934)
Derivative financial instruments	(37,022)	6,459	(30,563)	(153,277)	45,477	(107,800)
Unrealized gain/(loss) on investment funds	31,250	(9,375)	21,875	16,568	(4,970)	11,598
	Ps. 634,718	Ps. 10,764	Ps. 645,482	Ps. (857,112)	Ps. 45,922	Ps. (811,190)

Reconciliation of effective tax rate

A reconciliation of the statutory income tax rate to the effective income tax rate recognized by the Group for financial reporting purposes is as follows:

	Income tax liability	
	2024	2023
Profit before income tax	Ps. 4,885,010	Ps. 5,065,361
Statutory income tax rate	30%	30%
Income tax	1,465,503	1,519,608
Plus/(less) permanent items:		
Inflation restatement increment	(18,909)	16,579
Results reported by associates and joint ventures	(122,695)	(231,570)
Taxes of foreign associate and differential in rates	142,844	317,604
Non-deductible expenses	70,049	99,128
Other permanent items, net	(45,108)	21,674
Recognition of taxes from prior years	45,788	(3,673)
	1,537,472	1,739,350
Income tax for loss on disposal of shares of investees	-	480
Income tax recognized in profit or loss	Ps. 1,537,472	Ps. 1,739,830
Effective income tax rate	31%	34%

An analysis of the major items that gave rise to temporary differences on which the deferred income tax was recognized is as follows:

Movement in deferred tax balances

	2024			2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred tax assets:						
Allowances and provisions	Ps. 1,299,937	Ps. 93,576	Ps. 1,206,361	Ps. 1,087,751	Ps. -	Ps. 1,087,751
Tax losses	339,970	-	339,970	255,932	-	255,932
Undeducted interest	486,292	-	486,292	291,876	-	291,876
Employee benefits	84,759	-	84,759	56,502	-	56,502
Lease liabilities	315,162	-	315,162	293,209	-	293,209
Deferred tax assets	Ps. 2,526,120	Ps. 93,576	Ps. 2,432,544	Ps. 1,985,270	Ps. -	Ps. 1,985,270
Deferred tax liabilities:						
Inventories	Ps. 27,924	Ps. 4,516	Ps. 23,408	Ps. 22,206	Ps. 4,734	Ps. 17,472
Derivative financial instruments and Investment funds [1]	58,648	9,532	49,116	21,909	157	21,752

	2024 Assets	2024 Liabilities	2024 Net	2023 Assets	2023 Liabilities	2023 Net
Prepaid expenses	1,508	41,477	(39,969)	259	20,844	(20,585)
Intangible assets and other assets	149,981	559,670	(409,689)	139,752	708,196	(568,444)
Components of other comprehensive income	17,902	-	17,902	-	-	-
Property, machinery and equipment, net	245,959	15,150	230,809	246,418	8,199	238,219
Right-of-use assets	-	317,285	(317,285)	-	324,694	(324,694)
Deferred income tax liabilities	501,922	947,630	(445,708)	430,544	1,066,824	(636,280)
Deferred income tax assets/(liabilities), net	Ps. 3,028.042	Ps. 1,041,206	Ps. 1,986,836	Ps. 2,415,814	Ps. 1,066,824	Ps. 1,348,990

(1) These effects are recognized as part of other comprehensive income.

As of December 31, 2024 and 2023, the consolidated statements of financial position show deferred tax assets of Ps.3,128,062 and Ps. 2,542,013 respectively; as well as deferred tax liabilities of Ps.1,141,226 and Ps.1,193,023 respectively, generating a net balance of Ps.1,986,836 and Ps. 1,348,990 respectively.

An analysis of the Group's deferred taxes as of December 31, 2024 and 2023 is as follows:

	2024	2023
Beginning balance	Ps. 1,348,990	Ps. 1,125,942
Derivative financial instruments and investment funds valuation	45,266	40,507
Debit for components of other comprehensive income	13,680	5,415
Incorporated companies	-	-
Recognized in profit or loss	578,900	177,126
	Ps. 1,986,836	Ps. 1,348,990

An analysis of gross movements on the deferred tax asset/(liability) during the year is as follows:

Deferred tax assets	Allowances and provisions	Undeducted interest	Employee benefits	Tax losses (1)	Lease liabilities	Total
Balance as of December 31, 2022	Ps. 1,016,416	Ps. 176,362	Ps. 51,390	Ps. 306,171	Ps. 241,686	Ps. 1,792,025
Debit for components of other comprehensive income	-	-	5,415	-	-	5,415
Debit (credit) to profit or loss	71,335	115,514	(303)	(50,239)	51,523	187,830
Balance as of December 31, 2023	1,087,751	291,876	56,502	255,932	293,209	1,985,270
Debit for components of other comprehensive income	-	-	13,680	-	-	13,680
Debit (credit) to profit or loss	118,610	194,416	14,577	84,038	21,953	433,594
Balance as of December 31, 2024	Ps. 1,206,361	Ps. 486,292	Ps. 84,759	Ps. 339,970	Ps. 315,162	Ps. 2,432,544

Deferred tax liabilities	Inventories	Derivative financial instruments and investment funds	Prepaid expenses	Property, machinery and equipment, net	Intangible assets and other assets	Other comprehensive income components	Right-of-use assets	Total
Balance as of December 31, 2022	Ps. 10,264	Ps. (18,755)	Ps. (15,003)	Ps. 222,348	Ps. (564,146)	Ps. -	Ps. (300,791)	Ps. (666,083)
Debit for components of other comprehensive income	-	40,507	-	-	-	-	-	40,507
(Credit) debit to profit or loss	7,208	-	(5,582)	15,871	(4,298)	-	(23,903)	(10,704)
Balance as of December 31, 2023	17,472	21,752	(20,585)	238,219	(568,444)	-	(324,694)	(636,280)
Debit for components of other comprehensive income	-	27,364	-	-		17,902	-	45,266
Debit (credit) to profit or loss	5,936	-	(19,384)	(7,410)	158,755	-	7,409	145,306
Balance as of December 31, 2024	Ps. 23,408	Ps. 49,116	Ps. (39,969)	Ps. 230,809	Ps. (409,689)	Ps. 17,902	Ps. (317,285)	Ps. (445,708)

(1) Tax losses carried forward

As of December 31, 2024, the Group has tax losses as follows:

	2024	Expiration date	2023	Expiration date
Accumulated tax losses expire as follows	Ps. 1,133,235	2025-2034	Ps. 853,107	2024-2033

Unrecognized deferred tax assets

As of December 31, 2024 and 2023, there was a deferred tax asset of Ps.51,580 for temporary differences of Ps.171,933 related to intangible assets which is reserved.

Unrecognized deferred tax liabilities

As of December 31, 2024, there was a deferred tax liability of Ps.992,112 (Ps. 957,825 in 2023) for temporary differences of Ps.3,757,188 (Ps. 3,634,898 in 2023) related to investments in subsidiaries and joint ventures that were not recognized because the Group controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

18. Capital and Reserves

a) Ordinary shares

As of December 31, 2024 and 2023, the Group's subscribed and paid-in share capital totaled Ps.432,275 plus an inflation restatement increment of Ps.143,350 (to express it in modified historical Mexican pesos), and is represented by 330,000,000 common registered shares with no par value.

For capital redemptions, the MITL establishes that any amounts reimbursed to shareholders in excess of the balance of the contributed capital accounts shall be subject to the tax treatment applicable to dividends.

The Group decided to take the following measures in relation with its outstanding shares:

(i) On April 2024 shareholders' meeting, the shareholders agreed on a maximum amount of Ps.2,500,000 of resources that the Group can set aside to repurchase own shares.

An analysis of movements in the share repurchase fund is as follows:

	December 31, 2024		December 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Purchases	(8,040,384)	Ps. (394,785)	(5,801,474)	Ps. (237,100)
Sales	-	-	328,497	13,830
Net	(8,040,384)	Ps. (394,785)	(5,472,977)	Ps. (223,270)

Reconciliation of shares:

	December 31, 2024	December 31, 2023
Beginning balance of outstanding shares	330,000,000	335,472,977
Purchases	(8,040,384)	(5,801,474)
Sales	-	328,497
Ending balance of outstanding shares	321,959,616	330,000,000
Treasury stock	8,040,384	5,056,630
Total common registered shares	330,000,000	335,056,630

b) Nature and purpose of reserves

Reserve for share buybacks

The Group may acquire shares representing its share capital through the stock market in which it operates at current market prices, without being subject to the restrictions set forth in the 1st paragraph of Article 134 of the Mexican Corporations Act (*Ley General de Sociedades Mercantiles*), and must comply with the requirements of the Mexican Securities Act, the general rules to that effect issued by the National Banking and Securities Commission (CNBV, by its acronym in Spanish) and other applicable laws.

Legal reserve

The Group is required to appropriate at least 5% of the net profit of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Group's share capital. As of December 31, 2024 and 2023, the legal reserve is Ps.141,862 and has reached the required minimum.

c) Dividends

On December 20, 2024, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.136,000.

On November 19, 2024, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.40,777.

On October 30, 2024, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.200,000.

On September 27, 2024, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.85,073.

On August 30, 2024, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.100,000.

On July 31, 2024, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.100,000.

On June 28, 2024, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.36,000.

On April 30, 2024, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.336,000.

At the Annual Ordinary General Meeting of Shareholders held on April 17, 2024, it was agreed to decree dividends at a rate of 1.50 pesos per share, the dividend is charged to accumulated profits. The total dividend was Ps.487,151.

On February 28, 2024, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.236,484.

On January 30, 2024, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.150,000.

On December 28, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.200,000.

On December 27, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.145,000.

On October 30, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.425,000.

On September 29, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.36,000.

On September 28, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.300,000.

On August 4, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.69,157.

On July 28, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.250,000.

On June 28, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.161,000.

On May 30, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.150,000.

On May 5, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.67,340.

On April 27, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.150,000.

At the Annual Ordinary General Meeting of Shareholders held on April 19, 2023, it was agreed to decree dividends at a rate of 1.20 pesos per share, the dividend is charged to accumulated profits. The total dividend was Ps.399,514.

On March 30, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.161,000.

On February 28, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.78,233.

On January 30, 2023, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps.150,000.

The payment of income tax may be credited against the Group's current income tax and income tax payable for the two subsequent years. Dividends paid on which income tax has already been paid are not subject to any additional tax withholdings or tax payments.

Dividends paid to individuals and foreign corporations from earnings generated as of January 1st, 2014 shall be subject to an additional 10% withholding tax. In these cases, the companies that distribute or pay dividends to individuals residing in Mexico or residing abroad must withhold 10%. The 10% tax applies only to profits generated as of 2014; therefore, entities shall carry two separate accounts to identify the profits generated before and after 2014.

d) Capital repayments

At the Ordinary General Meeting of Non-Controlling Shareholders held on March 26, 2024 and at the Extraordinary General Meeting of Non-Controlling Shareholders held on April 29, 2024, the reduction of the fixed portion of the share capital in the amount of Ps. 36,000 and Ps. 214,000, respectively, was approved.

19. Revenue from Ordinary Activities

For the years ended December 31, 2024 and 2023, the Group earned all its revenue from the sale of goods.

Seasonality of the Group's operations

Most of the products manufactured and sold by the Group are somewhat seasonal in nature, as the Group's sales of preserves increase during the last four months of the year. Additionally, the sales of certain products such as mayonnaise, tomato puree, mole, paste and legumes increase during Lent, while the demand for teas and jam goes up in winter. Sales of frozen products increase during the summer. Since seasonality also affects the harvest cycle of some raw materials used by the Group, the Group increases its safety stock during the harvest season.

Nature of the goods sold by the Group

Below is a description of the different types of products that the Group sells by market segment.

Impulse segment

The main products in this segment are ice cream, coffee and commercial products. The Group recognizes revenue from the Impulse segment as the corresponding performance obligations are satisfied. The performance obligations are satisfied when control of the sold goods is transferred to the buyer, which occurs when the customer receives the goods at their warehouse and, for general public sales, immediately upon delivery of the product. This represents most of the sales of this segment.

The Group does not grant a general right of return to its customers. However, customers may occasionally return goods with damaged packaging.

Customers are offered different payment terms depending on the distribution channel to which they belong.

- Payment terms granted to customers of the convenience and self-service channel range from 30 to 60 days, therefore, the amount of the consideration is not adjusted for the effects of a significant financing component. Payment conditions with wholesale customers usually include discounts for temporary price reductions and contributions to the brand.
- In the traditional channel, most of the sales are to the general public and are paid in cash or with bank cards.

Preserves

The products that the Group sells in its preserves segment consist primarily of jarred, packed and canned foods: mayonnaise, tomato puree, mole, pasta and legumes, primarily. The Group recognizes revenue from the sale of canned and packed food as the corresponding performance obligations are satisfied. The performance obligations are satisfied when control of the sold goods is transferred to the buyer, which occurs when the customer receives the goods at their warehouse.

The Group does not grant a right to return. However, it has specific agreements with certain customers and eventually receives products with damaged packaging even though it is not specified in the agreements.

Customers are offered different payment terms depending on the distribution channel to which they belong.

Payment terms granted to customers of the wholesale and self-service channel range from 30 to 60 days, therefore, the amount of the consideration is not adjusted for the effects of a significant financing component. Payment conditions with wholesale customers usually include discounts for temporary price reductions and contributions to the brand.

Exports

The products that the Group sells in this segment consist primarily of the following canned and jarred foods: mayonnaise, peppers, mole and homemade sauces, primarily. The Group recognizes revenue from the sale of jarred, canned and packed food as the corresponding performance obligations are satisfied. The performance obligations are satisfied when control of the sold goods is transferred to the buyer, which occurs when the sales products go out of the Group's warehouse.

The Group does not grant a general right of return to its customers. However, customers may occasionally return goods with damaged packaging.

Customers are offered different payment terms depending on the distribution channel to which they belong.

- Payment terms granted to customers of the convenience and self-service channel range from 30 to 60 days, therefore, the amount of the consideration is not adjusted for the effects of a significant financing component. Payment conditions with wholesale customers usually include discounts for temporary price reductions and contributions to the brand.

Contract balances

Contract balances as of December 31, 2024 and 2023 are primarily represented by trade receivables totaling Ps. 3,916,460 and Ps. 4,271,209, respectively (see Note 9).

Revenue segmentation

A disaggregated revenue analysis for the years ended December 31, 2024 and 2023 is as follows:

	2024			
	Preserves	Impulse	Exports	Total
Main categories				
Jarred products	Ps. 16,831,758	Ps. 71,709	Ps. 2,772,402	Ps. 19,675,869
Packed products	9,250,544	449,012	34,849	9,734,405
Ice cream	-	4,158,392	20,759	4,179,151
Canned foods	2,532,969	-	550,025	3,082,994
Beverage	-	423,008	-	423,008
Labels and others	329,452	-	-	329,452
Total	Ps. 28,944,723	Ps. 5,102,121	Ps. 3,378,035	Ps. 37,424,879

	2023			
	Preserves	Impulse	Exports	Total
Main categories				
Jarred products	Ps. 16,989,032	Ps. 94,149	Ps. 2,240,212	Ps. 19,323,393
Packed products	9,004,750	375,214	18,775	9,398,739
Ice cream	-	3,823,783	13,158	3,836,941
Canned foods	2,472,338	-	436,143	2,908,481
Beverage	-	384,135	-	384,135
Labels and others	361,127	-	-	361,127
Total	Ps. 28,827,247	Ps. 4,677,281	Ps. 2,708,288	Ps. 36,212,816

Contract costs

The Group does not incur any significant contract costs requiring capitalization.

20. Cost of Sales

An analysis of cost of sales for the years ended December 31, 2024 and 2023 is as follows:

		2024		2023
Direct cost of sales	Ps.	20,997,539	Ps.	20,754,145
Maintenance and repair		933,289		819,681
Electricity		139,949		178,862
Expenses related to post-employment defined benefit plans		34,109		23,896
Depreciation and amortization		359,258		357,990
Total cost of sales	Ps.	22,464,144	Ps.	22,134,574

21. General Expenses

An analysis of general expenses for the years ended December 31, 2024 and 2023 is as follows:

		2024		2023
Employee benefits	Ps.	4,424,597	Ps.	3,995,824
Distribution and associated expenses		3,611,902		3,580,943
Conservation and fuels		812,687		690,201
Depreciation and amortization		890,476		829,395
	Ps.	9,739,662	Ps.	9,096,363

22. Other Income and Expenses

An analysis of other income for the years ended December 31, 2024 and 2023 is as follows:

		2024		2023
Other income:				
Restatement of recoverable taxes	Ps.	87,325	Ps.	33,034
Other investments		28,613		-
Insurance claim recovery		16,083		21,037
Franchises		15,756		8,191
Gain on sale of fixed assets		-		4,095
Revenue from distribution alliances		1,832		-
Revenue from realized investment funds		14,439		9,462
IFRS 16 effects due to early termination and signatures of new contracts (retrospectives)		4,763		7,727
Waste and material sales		17,831		19,415
Reversal of seniority liabilities		-		36,355
Others		17,793		2,056
Total other income	Ps.	204,435	Ps.	141,372

	2024	2023
Other expenses		
Loss on sale of fixed assets	20,382	Ps. 22,786
Idle plants	9,467	10,222
IFRS 16 effects due to early termination and signatures of new contracts (retrospectives)	-	2,376
Cost of claims recovery	-	4,961
Impairment assets	56,254	46,338
Franchises	2,689	-
Others	57,151	14,994
Total other expenses	145,943	101,677
	Ps. 58,492	Ps. 39,695

23. Finance Income and Finance Costs

An analysis of finance income and finance costs for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Interest income:		
Bank interest	Ps. 338,352	Ps. 335,941
Related party interest	2,790	2,308
Total interest income	341,142	338,249
Foreign exchange gain	1,032,849	302,746
Finance income	1,373,991	640,995
Interest paid:		
Bank interest paid	(1,000,305)	(997,737)
Total interest paid	(1,000,305)	(997,737)
Interest under IFRS 16	(81,973)	(76,543)
Foreign exchange loss	(1,095,252)	(294,827)
Finance costs	(2,177,530)	(1,369,107)
Net financing cost	Ps. (803,539)	Ps. (728,112)

24. Operating Segments

Basis for segmentation

The Group has three reporting segments, which are described below, corresponding to the Group’s strategic divisions. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Group’s CEO (responsible for making operational decisions) reviews the management reports prepared internally at least on a quarterly basis. The following summary describes the operations of each reportable segment.

	2024			
	Impulse	Preserves	Exports	Total
Net sales	Ps. 5,102,121	Ps. 28,944,723	Ps. 3,378,035	Ps. 37,424,879
Cost of sales	2,033,493	17,527,592	2,903,059	22,464,144
Gross profit	3,068,628	11,417,131	474,976	14,960,735
General expenses	3,318,042	6,172,848	248,772	9,739,662
Profit before other income (expenses)	(249,414)	5,244,283	226,204	5,221,073
Other income (expenses), net	25,402	33,090	--	58,492
Operating profit	(224,012)	5,277,373	226,204	5,279,565
Depreciation and amortization	643,197	509,206	97,332	1,249,735
Net financing cost	105,779	697,760	-	803,539
Associates profit sharing	-	408,983	-	408,983
Profit before income tax	(329,791)	4,988,596	226,204	4,885,009
Income tax	(131,493)	1,601,103	67,862	1,537,472
Consolidated net profit	(198,298)	3,387,493	158,342	3,347,537
Net profit attributable to non-controlling interest	(24)	1,910,664	77,004	1,987,644
Net profit attributable to controlling interest	(198,274)	1,476,829	81,338	1,359,893
Total assets	5,699,073	30,477,517	4,026,128	40,202,718
Total liabilities	Ps. 2,497,412	Ps. 17,778,532	Ps. 1,786,984	Ps. 22,062,928

	2023			
	Impulse	Preserves	Exports	Total
Net sales	Ps. 4,677,281	Ps. 28,827,247	Ps. 2,708,288	Ps. 36,212,816
Cost of sales	1,899,148	17,786,903	2,448,523	22,134,574
Gross profit	2,778,133	11,040,344	259,765	14,078,242
General expenses	3,133,081	5,769,694	193,588	9,096,363
Profit before other income (expenses)	(354,948)	5,270,650	66,177	4,981,879
Other income (expenses), net	48,580	(8,885)	-	39,695
Operating profit	(306,368)	5,261,765	66,177	5,021,574
Depreciation and amortization	632,886	480,634	79,215	1,192,735
Net financing cost	89,741	638,371	-	728,112
Associates profit sharing	-	771,899	-	771,899
Profit before income tax	(396,109)	5,395,293	66,177	5,065,361
Income tax	(90,317)	1,810,295	19,852	1,739,830
Consolidated net profit	(305,792)	3,584,998	46,325	3,325,531
Net profit attributable to non-controlling interest	(29)	1,983,514	21,623	2,005,108
Net profit attributable to controlling interest	(305,763)	1,601,484	24,702	1,320,423
Total assets	5,630,862	28,567,213	3,528,449	37,726,524
Total liabilities	Ps. 2,869,548	PS. 16,597,816	Ps. 1,562,944	PS. 21,030,308

Major customer

As of December 31, 2024 and 2023, the Group sold products to a large number of customers. Revenue from one customer (Wal-Mart de México, S.A.B. de C.V.) represented approximately 27% of the Group's total revenue in both years.

25. Earnings per Share

The calculation of basic EPS and diluted EPS at December 31, 2024 has been based on the profit of Ps.1,359,893 attributable to the controlling interest (Ps. 1,320,423 in 2023) and a weighted-average number of ordinary shares outstanding of 324,311 thousand shares (331,665 thousand shares in 2023).

26. Contingencies

a) The Group is party to various labor lawsuits and claims arising in its normal course of operations. Group management does not believe that the outcome of these lawsuits will have a material effect on its financial position or future operating results.

b) In accordance with the MITL, the Group's income tax returns are open to review by the tax authorities for a period of five years from the date they are filed.

c) In accordance with the MITL, companies that carry out transactions with related parties are subject to tax restrictions and obligations with respect to the determination of the prices charged, since such prices should be similar to the prices that would have been used with or between independent parties in comparable transactions.

d) The Group's subsidiaries are contingently liable for any omitted taxes that might be determined by the authorities in the event of a review, as well as penalties, restatements and surcharges.

The Group has several ongoing legal processes to challenge resolutions issued by the tax authorities, who denied requests for refund of tax balances relating to value added tax (VAT). To date, there is no definitive ruling on the determination of omitted taxes. As of December 31, 2023, the accumulated amount of this contingency is Ps.402 million corresponding to VAT balances from various months from 2017 to 2021, which are recognized as part of non-current assets.

The tax authorities have exercised their faculty of review on VAT balances of the subsidiaries for 2014-2019. At the date of issue of these consolidated financial statements, five tax credits has been notified, three of them corresponding to fiscal years 2014, 2015 and 2016 in the amount of Ps.980 million that are in review appeal, other for the fiscal year 2017 for a total amount of Ps.437 million that is in substantive nullity trial and the last for the fiscal year 2018 for a total amount of Ps.188 million in nullity trial. Regarding the IEPS (Tax Expenses), the company notified three tax credits derived from offsetting VAT balances in favor of the IEPS: one for fiscal year 2016, amounting to Ps. 12 million, which is currently being subject to a substantive annulment lawsuit; another for fiscal year 2018, totaling Ps.57 million pesos, for which a nullity claim was filed; and the last for fiscal year 2019, totaling Ps. 37 million, for which a revocation appeal was filed.

As of December 31, 2024 and prior years, after analyzing the corresponding resolutions and prior consultation with its legal counsel, the Group considers that the 0% VAT rate should have been applied to ice cream and yoghurt popsicles since they constitute frozen food products.

Since this controversy arose from the interpretation of the Law by the tax authorities relating to the application of a 0% rate for the sale of ice cream and yoghurt popsicles, the Group filed the indicated means of defense in timely manner.

The Group continues preparing its defense against these resolutions to demonstrate that these settlements are not valid and that it therefore has fully complied with its tax obligations related to VAT and IEPS balances.

27. Commitments

a) In the ordinary course of business, certain subsidiaries have undertaken commitments resulting from sales agreements, and for the purchase of machinery and equipment, which in certain cases, establish penalties for cases of non-compliance.

b) The Group has entered into contracts for the payment of royalties under which it is required to pay different percentages on sales of certain brands and in different terms. These royalty agreements have been entered into with McCormick and Company Inc., Barilla G.e.R. Fratelli, S.p.A. and Société des Produits Nestlé, S.A.

28. Subsequent Events

a) On December 31, 2024, the merger of the company Deli Dips & Snacks, S.A.P.I. de C.V. as a merged company with Interdeli, S.A.P.I de C.V. as a merging company with tax and legal effects as of January 1, 2025, was protocolized.

b) On December 31, 2024, the merger of the companies Campomar, S.A. de C.V. and Herventa, S.A. de C.V. as merged companies with Herdez, S.A. de C.V. as a merging company with tax and legal effects as of January 1, 2025, was protocolized.

c) On January 30, 2025, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps. 150,000.

d) On February 26, 2025, dividends were decreed in favor of non-controlling shareholders at the Ordinary General Meeting of subsidiaries for Ps. 51,171.