



GRUPO HERDEZ

THIRD QUARTER 2025

CONFERENCE CALL TRANSCRIPT

CORPORATE PARTICIPANTS

Gerardo Canavati Miguel, *Chief Financial & Information Officer*

Andrea Amozurrutia Casilla, *Director, Finance & Sustainability*

PRESENTATION

Operator

Good morning, everyone, and welcome to Grupo Herdez Third Quarter 2025 Earnings Conference Call. All participants will be in listen-only mode, and should you need assistance, please signal a conference specialist by pressing the star key, followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star, then one on your telephone keypad. To withdraw your question, please press star, then two. Please note, today's event is being recorded. Also note, information discussed may include forward-looking statements subject to risks and uncertainties. Please refer to the forward-looking statements disclaimer in the Company's press release.

I'll now turn the call over to Gerardo Canavati, Chief Financial and Information Officer. Please go ahead.

Gerardo Canavati Miguel

Thank you, Rocco. Good morning, everyone, and thank you for joining us today to discuss Grupo Herdez Third Quarter Results.

This quarter was marked by significant steps in our Company's trajectory, one that designates a new course for continued value creation. We successfully completed the split of Grupo Nutrisa, a move designed to allow the Retail division to unleash its full potential, and having Grupo Herdez dedicated completely to its core business. This action, alongside the divestment of a portion of our stake in McCormick de Mexico, fundamentally reconfigures our portfolio to pursue further opportunities.

We will now transition to the details of our operational performance.

Andrea, please go ahead.



Andrea Amozurrutia Casillas

Thank you, Gerardo. Good morning, everyone.

Before diving into the features, it is important to consider that, starting September of 2025, the results of the Retail business were de-consolidated from Grupo Herdez. Thus, our third quarter and year-to-date growth rates versus last year are highly distorted. As you have seen in the press release, we decided to also report pro forma figures that do not consider numbers of the Retail business, both in 2024 and this year.

As well, we adopted a new segmentation reporting that resulted in domestic and export FX. Now, our domestic sales have incorporated the results of Helados Nestle. We believe this segmentation will allow the market to better assess the inherent profitability and growth of our core portfolio in the key two markets that we attend.

Getting to the results; the consumption environment during the third quarter in Mexico faced persistent pressure. This slowdown was characterized by a flattish consumer environment, largely influenced by structural factors, such as the decline in remittances in (inaudible), inventory adjustments in some clients, and extraordinary weather conditions. Despite this challenging environment, Grupo Herdez demonstrated remarkable resilience. Our disciplined execution allowed us to report a mid single-digit growth rate in the top line, while increasing our market share in key categories of our portfolio.

Our consolidated net sales would have recorded a 1% growth for the quarter. This is a solid performance given the macro headwinds, and it was entirely anchored by our Domestic segment, which saw sales growth of 4.2%. This growth rate, supported by our core categories such as mayo, tomato puree and ketchup, was crucial in compensating for the 25.9% contraction in the Export segment, which faced challenges, particularly in the U.S. and in the Hispanic consumers.

The structural change from the divestiture had a clear, positive effect on our profitability. Gross margin would have expanded by more than 1%, reaching almost 40% thanks to effective cost management and favorable sales mix within the Domestic segment. Operating profit would have grown slightly above 1%, with a stable margin of 15.3%, while the Domestic segment would have reached a 16.1% operating margin cost.

EBITDA would have seen modest growth of close to 1%, reaching \$1.5 billion. This EBITDA stability is further reinforced by the structural benefit from the elimination of the lease, or the IFRS 16, which mitigates the overall depreciation and amortization expense of the Retail business.

Moving below the operating line, we saw bottom line resilience too. Our majority net income would have surged more than 23% for the quarter, reaching \$426 million. This strong growth underscores the benefits of our operational streamlining and core business efficiency effectively, as well as the contribution of our associate, MegaMex.

This last result obviously compared with a very low base in 2024, but as you can recall, had a significant pressure from the prices of avocado. In this quarter, the profitability was driven by a sequential improvement in the profitability of Don Miguel and Wholly Guacamole, which allowed it to largely offset the negative operational impact faced by our Export segment.



Finally, the financial position reflects the benefits of the strategic transformation that we have already mentioned, supporting a stable and strong cash flow.

We ended the quarter with a cash position of \$2.3 billion. The decline in available cash versus the previous quarter was due to a strategic build-up of inventories and the extraordinary dividends paid in May. The assets and liabilities related to operating leases significantly decreased to \$452 million, reflecting the clean-up of the Retail segment's lease portfolio.

Our financial position remains sound, with a net debt-to-EBITDA ratio of 1.2x.

With that, I will now turn the call over to Gerardo to discuss further on the outlook for the remainder of the year.

Gerardo Canavati Miguel

Thank you, Andrea.

We believe that the third quarter marks the bottom of a consumption environment, and we expect a gradual recovery going forward despite the softness of the overall economy, to end the year on a higher note, held by easy comps.

I would like to update you in the implementation of our new program. As you may be aware, we transitioned a subsidiary in June, which carried 80% of the overall processes of the Group. It was a huge success. Now, we have the confidence to preparing the rollout to go live in April of next year. This obviously will require significant working capital for the next quarters.

Talking about the closing of the year, I'm going to refer to our guidance and the pro forma figures; that is, excluding Grupo Nutrisa for the fourth quarter.

In all our lines, net sales, operating income and EBITDA, we are hitting the target discussed in the start of the year. We have seen a performance in MegaMex, better than expected, and we are confident that that's going to continue going forward.

In terms of our CapEx, even though the figures are lower in the third quarter, we are expecting to complete our guidance, between \$1,500 and \$2 billion.

That will conclude my prepared remarks, and we'll open for your questions. Rocco?

Operator

Yes, sir. Thank you.

If you would like to ask a question, please press star, then one on your telephone keypad. If at any time your question has been addressed and you'd like to remove yourself from queue, please press star, then two. Once again, ladies and gentlemen, that's star, then one if you have a question.

Once more, if you have a question, please press star, then one at this time. We'll pause for just a moment to assemble our roster.



That concludes our question-and-answer session. I'd like to turn the conference back over to the Management team for the closing remarks.

Gerardo Canavati Miguel

Thank you for participating in our Earnings Call. If you have any questions, don't hesitate to contact our team. Have a good day. Thank you, Rocco.

Operator

Yes, sir, thank you. We thank you all for attending today's presentation. You may now disconnect your lines. Have a wonderful day.



CONTACTS

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ABOUT GRUPO HERDEZ

Proudly, we are the Mexican food company with the longest history in the country. Since 1914, we have brought the best of our gastronomy and the flavors of the world to Mexican families, and we have brought the best of the flavors of Mexico to the world. We have been listed on the Mexican Stock Exchange since 1991 and our purpose is to be a worthy representative of the recipes and ingredients of our cuisine on a global level, working committed to the social and environmental needs of the places where we operate.

We are leaders in the processed food sector and an important player in the ice cream category in Mexico, in addition to having a solid presence in the United States through MegaMex, as leaders in the production and marketing of guacamole, as well as in the categories of sauces and frozen Mexican food, in the American Union. We have a broad portfolio of more than 1,500 products, with which we provide solutions to the daily lives of our consumers, by offering them variety and convenience for different lifestyles in the categories of tuna, spices, guacamole, ice cream, mayonnaise, jams, honey, mole, mustard, pasta, organic products, crushed tomatoes, homemade sauces, ketchup sauce, tea, canned vegetables and many more. These products are marketed through an exceptional portfolio of brands, including Aires de Campo®, Barilla® Blasón®, Búfalo®, Cielito Querido Café®, Del Fuerte®, Doña María®, Embasa®, Flaveur®, Frank's®, French's®, Helados Nestlé®, Herdez®, Libanius®, McCormick®, Moyo®, Nutrisa® and Yemina®.

We align our sustainability strategy with 7 Sustainable Development Goals of the 2030 Agenda of the United Nations, being signatories of the Global Compact since 2012. This vision of contributing to the well-being of people, communities and the planet is shared with a great team of more than 12,500 employees, and executed through a solid infrastructure that includes 16 production plants, 28 distribution centers and around 650 points of sale of our brands Cielito Querido Café®, Chilim Balam®, Moyo® and Nutrisa®. For more information, visit <http://www.grupoherdez.com.mx> or follow us on: FB: /GrupoHerdezMX TW: @GrupoHerdezMX LI: /Grupo-Herdez IG: @grupoherdezmx



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