



# GRUPO HERDEZ

## FIRST QUARTER 2022

### EARNINGS RELEASE

#### CONSOLIDATED HIGHLIGHTS FOR THE QUARTER

- Net sales grew 21.5% versus the same quarter of the previous year, driven mainly by price increases.
- EBIT increased 29.3% to MXN 835 million, with margin expansion of 70 basis points to 11.7%.
- Consolidated net income was MXN 464 million, 14.3% lower than a year ago, due to lower results at MegaMex.



Mexico City, Mexico, April 21, 2022 – Grupo Herdez, S.A.B. DE C.V. (“Grupo Herdez” or the “Company”) (MSE: HERDEZ) today announced results for the first quarter 2022, ended March 31.

"This quarter's results are a reflection of our ability as a company and team to navigate challenging circumstances, achieving encouraging results in all segments, despite the complexity of the current environment", said Héctor Hernández-Pons Torres, Chairman and Chief Executive Officer of Grupo Herdez.

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

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

## NET SALES

Consolidated net sales in the first quarter were MXN 7.1 billion, 21.5% higher than a year ago, driven by pricing actions taken in the last twelve months; on a comparable basis, growth was 18.5%.

Net sales in the Preserves segment grew 19.8% and the spices, hot salsas, homemade salsas, and mayonnaise categories had the best performance.

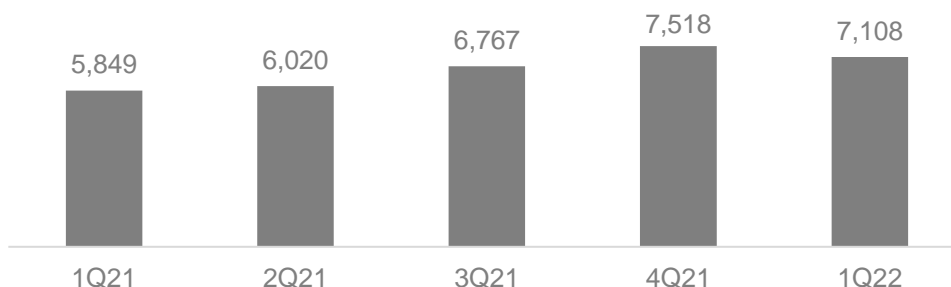
The Impulse segment recorded net sales of MXN 817 million, 33.1% higher than last year due to the recovery of store traffic and an increase in the average ticket. The modern and traditional channels showed double-digit growth. On the other hand, the performance of Helados Nestlé in the traditional channel continues to recover growth quarter over quarter since the third quarter of 2021.

Exports net sales were MXN 566 million, 23.9% higher than in the same period of the previous year, benefited by higher sales volume and price increases.

NET SALES	1Q22	1Q21	% change
<b>Consolidated</b>	<b>7,108</b>	<b>5,849</b>	<b>21.5</b>
Preserves	5,725	4,779	19.8
Impulse	817	613	33.1
Exports	566	456	23.9

Figures in millions of MXN

## NET SALES PERFORMANCE



## GROSS PROFIT

Consolidated gross margin for the quarter was 36.2%, 130 basis points lower than last year due to higher raw material and packaging prices, costs associated with the labor reform, and the incorporation of the General Mills lines, which have a higher cost per ton. In the Preserves segment, the margin decreased 230 basis points to 35.1%, mostly due to increases in the price of raw materials and packaging inputs.



Meanwhile, in the Impulse segment, gross margin rose 190 basis points due to higher expense absorption from the store traffic recovery, which offset higher costs per ton coming from the incorporation of the Häagen-Dazs portfolio (General Mills) as of April 2021. Gross margin in the Export segment increased 80 basis points to 14.3% due to a better sales mix.

GROSS MARGIN	1Q22	1Q21	% change
<b>Consolidated</b>	<b>2,569</b>	<b>2,195</b>	<b>17.0</b>
Preserves	2,012	1,787	12.6
Impulse	477	346	37.6
Exports	81	62	30.8

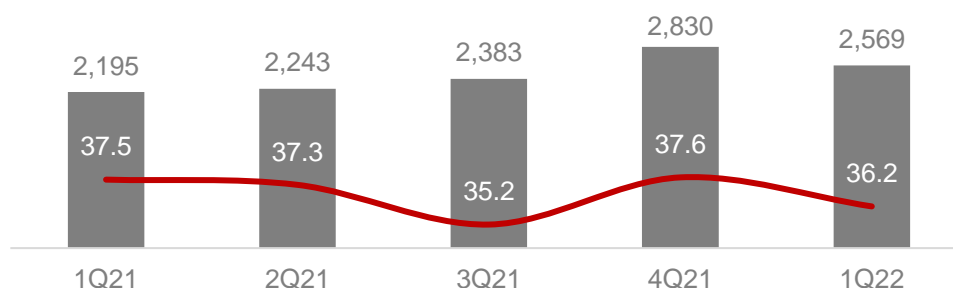
Figures in millions of MXN

GROSS MARGIN	1Q22	1Q21	pp change
<b>Consolidated</b>	<b>36.2</b>	<b>37.5</b>	<b>(1.3)</b>
Preserves	35.1	37.4	(2.3)
Impulse	58.4	56.5	1.9
Exports	14.3	13.5	0.8

Figures in percentages



## GROSS PROFIT PERFORMANCE



## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

In the quarter, consolidated SG&A expenses represented 24.8% of net sales, a decrease of 180 basis points from 2021, mainly due to higher expense absorption derived from increased sales.

## EARNINGS BEFORE INTERESTS AND TAXES (EBIT)

Consolidated EBIT in the first quarter increased 29.3% to MXN 835 million, with a margin expansion of 70 basis points to 11.7%. In the Preserves segment, operating income increased 12.2%, while the margin

decreased 100 basis points to 15.9%, due to higher raw materials and packaging costs. The Impulse segment experienced a MXN 77 million recovery in the quarter, as a result of the recovery in sales. In the Export segment, the margin was 7.7%, 100 basis points higher than in the previous year.

EBIT	1Q22	1Q21	% change
<b>Consolidated</b>	<b>835</b>	<b>646</b>	<b>29.3</b>
Preserves	908	809	12.2
Impulse	(117)	(194)	NM
Exports	44	30	43.1

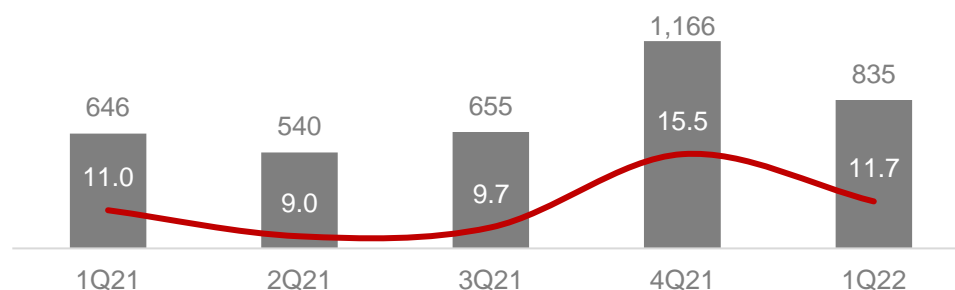
Figures in millions of MXN

EBIT MARGIN (%)	1Q22	1Q21	pp change
<b>Consolidated</b>	<b>11.7</b>	<b>11.0</b>	<b>0.7</b>
Preserves	15.9	16.9	(1.0)
Impulse	(14.3)	(31.6)	17.3
Exports	7.7	6.7	1.0

Figures in percentages



## EBIT PERFORMANCE



## COMPREHENSIVE FINANCING RESULT

In the first quarter, comprehensive financing cost was MXN 187 million, 22.5% higher than in the same period of 2021. This increase is explained by higher interests paid derived from an additional MXN 500 million in debt, as well as a foreign exchange loss that compares unfavorably with a foreign exchange gain recorded last year.

## EQUITY INVESTMENTS IN ASSOCIATED COMPANIES

Equity income of associated companies totaled MXN 104 million in the quarter, 57.4% lower than last year, due to a 61.7% decrease in the results of MegaMex.

<b>EQUITY INVESTMENT IN ASSOCIATED COMPANIES</b>	<b>1Q22</b>	<b>1Q21</b>	<b>% change</b>
<b>Consolidated</b>	<b>104</b>	<b>243</b>	<b>(57.4)</b>
MegaMex	88	230	(61.7)
Others	16	13	16.7

Figures in millions of MXN

### MEGAMEX CONSOLIDATED RESULTS (100%)

In the quarter, net sales totaled MXN 3.9 billion, 14.5% higher than in the same period of the previous year, mainly due to pricing action taken in the last twelve months

Gross margin was 25.5%, 10.8 percentage points lower than in 2021. Operating and EBITDA margins contracted 10.7 and 10.9 percentage points, respectively, to 4.5% and 7.2%. The above resulted from higher avocado prices and increased costs of distribution. Net income decreased 61.7% to MXN 176 million, representing a margin of 4.5%.

<b>MEGAMEX INCOME STATEMENT</b>					
<b>MEGAMEX</b>	<b>1Q22</b>	<b>%</b>	<b>1Q21</b>	<b>%</b>	<b>% change</b>
<b>Net Sales</b>	<b>3,922</b>	<b>100.0</b>	<b>3,426</b>	<b>100.0</b>	<b>14.5</b>
Gross profit	999	25.5	1,244	36.3	(19.6)
EBIT	176	4.5	520	15.2	(66.1)
EBITDA	282	7.2	619	18.1	(54.5)
<b>Net Income</b>	<b>176</b>	<b>4.5</b>	<b>460</b>	<b>13.4</b>	<b>(61.7)</b>

Figures in millions of MXN

### NET INCOME

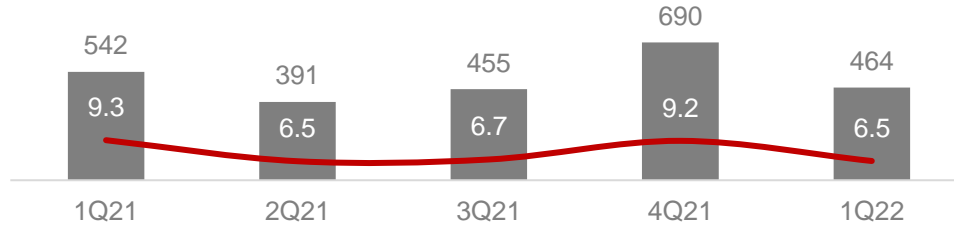
In the first quarter, consolidated net income was MXN 464 million, 14.3% lower than in the same period of 2021, due to: i) lower income coming from MegaMex, and ii) an increase in the tax rate due to additional income from the U.S. operations in 2021. As a result, the consolidated net margin was 6.5%, which represented a contraction of 280 basis points. Majority net income totaled MXN 160 million in the quarter, 11.0% lower than in 2021, with a margin contraction of 80 basis points to 2.3%.

<b>NET INCOME</b>	<b>1Q22</b>	<b>1Q21</b>	<b>% change</b>
<b>Consolidated Net Income</b>	<b>464</b>	<b>542</b>	<b>(14.3)</b>
Cons. Net Margin (%)	6.5	9.3	(2.8)
Minority Interest	304	362	(16.0)
<b>Majority Net Income</b>	<b>160</b>	<b>180</b>	<b>(11.0)</b>
Maj. Net Margin (%)	2.3	3.1	(0.8)

Figures in millions of MXN



## CONSOLIDATED NET INCOME PERFORMANCE



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

Consolidated EBITDA for the quarter was MXN 1.1 billion, 23.6% higher than a year ago, while the margin remained practically unchanged at 15.1%. The above is explained by an 11.3% increase in the Preserves segment and a MXN \$90 million recovery in the Impulse segment.

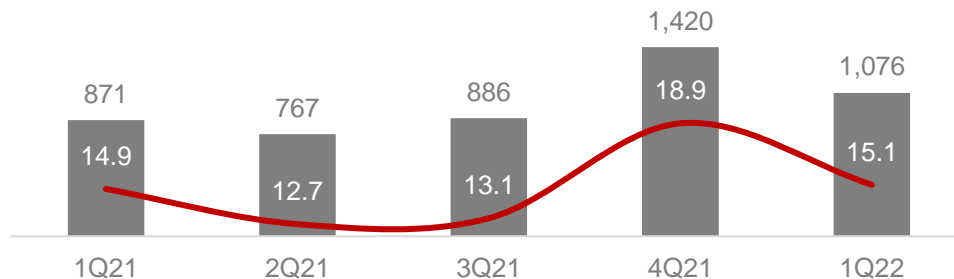
EBITDA	1Q22	1Q21	% change
<b>Consolidated</b>	<b>1,076</b>	<b>871</b>	<b>23.6</b>
Preserves	999	897	11.3
Impulse	18	(72)	NM
Exports	60	46	30.8

Figures in millions of MXN

UAFIDA MARGIN	1Q22	1Q21	pp change
<b>Consolidated</b>	<b>15.1</b>	<b>14.9</b>	<b>0.2</b>
Preserves	17.4	18.8	(1.4)
Impulse	2.2	(11.7)	13.9
Exports	10.5	10.0	0.5

Figures in percentages

## EBITDA PERFORMANCE



## CAPITAL EXPENDITURES (CAPEX)

In the quarter, net CAPEX was MXN 94 million, mainly allocated to: i) additional capacity for salsa, ii) the new short pasta line, and iii) the maintenance of the Mexico Distribution Center.

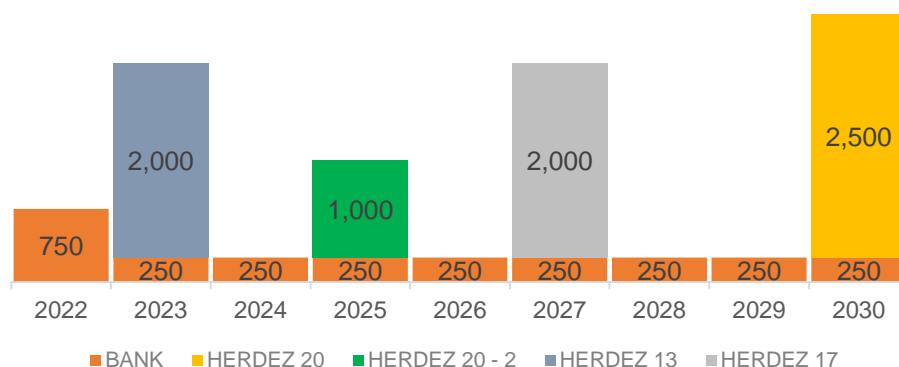
## FINANCIAL STRUCTURE

As of March 31, 2022, consolidated cash totaled MXN 3.0 billion, 37.3% higher than at the end of 2021. Interest-bearing liabilities were MXN 11 billion, while debt remained at MXN 10.0 billion.

Consolidated net debt to EBITDA was 1.9 times at the close of the quarter. Consolidated net debt includes the effect of short- and long-term leases due to adoption of IFRS16 in 2019.

## DEBT PROFILE

Figures in millions



## FIRST QUARTER 2022 EARNINGS CONFERENCE CALL INFORMATION

Date: Friday, April 22, 2021

Time: 12:00 p.m. ET / 11:00 a.m. CT

To participate, please dial:

- Toll-Free U.S. and Canada: +1 (855) 327 6837
- Toll International: +1 (631) 891 4304
- Conference ID#: 10018560

To access the call, please go to [https://viaid.admin.webcasts.com/admin/index.jsp?guest=gpt\\_1539044](https://viaid.admin.webcasts.com/admin/index.jsp?guest=gpt_1539044)

If you are unable to participate live, a replay of the conference call will be available from April 22, 2022 through May 6, 2022. To access the replay, please dial domestic U.S. and Canada +1 (844) 512 2921, or from other countries +1 (412) 317 6671; conference ID: 10018560.

## CONTACT INFORMATION

[invrel@herdez.com](mailto:invrel@herdez.com)

### ABOUT GRUPO HERDEZ

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

We are leaders in the processed foods sector, and an important player in the ice cream category in Mexico, in addition to being the fastest-growing company in the Mexican food segment in the United States through Megamex. We are currently present in 99% of Mexican households through our large portfolio of more than 1,380 products, with which we provide solutions to the daily lives of our consumers, offering them variety and convenience for different lifestyles. We participate in the categories of tuna, spices, guacamole, ice cream, impulse, yogurt, mayonnaise, marmalades, honey, mole, mustard, pastas, organic products, tomato purée, homemade salsas, ketchup, tea, canned vegetables, and many more, and we are leaders in several of these categories in Mexico. These products are sold through an exceptional portfolio of brands, including: Aires de Campo, Barilla, Blasón, Búfalo, Cielito Querido Café, Del Fuerte, Doña María, Embasa, Helados Nestlé®, Herdez, McCormick, Moyo, Nutrisa and Yemina.

We are committed to the social and environmental needs of the locations where we operate, and have aligned our sustainability strategy with the United Nations 2030 Agenda. This vision is shared with an exceptional team of more than 10,000 employees, and it is implemented through the solid infrastructure of our 13 production plants, 24 distribution centers, and more than 600 points of sale of our brands: Cielito Querido Café, Lavazza, Moyo, and Nutrisa. For more information, visit [grupoherdez.com.mx](http://grupoherdez.com.mx) or follow us on: FB: /GrupoHerdezMX TW: @GrupoHerdezMX LI: /Grupo-Herdez

### FORWARD-LOOKING STATEMENTS

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





INCOME STATEMENT	First Quarter				
	2022	%	2021	%	% Chg
<b>Net Sales</b>	<b>7,108</b>	<b>100.0</b>	<b>5,849</b>	<b>100.0</b>	<b>21.5</b>
Preserves	5,725	80.5	4,779	81.7	19.8
Impulse	817	11.5	613	10.5	33.1
Exports	566	8.0	456	7.8	23.9
<b>Cost of Goods Sold</b>	<b>4,538</b>	<b>63.8</b>	<b>3,654</b>	<b>62.5</b>	<b>24.2</b>
Preserves	3,713	64.9	2,992	62.6	24.1
Impulse	340	41.6	267	43.5	27.4
Exports	485	85.7	395	86.5	22.9
<b>Gross Profit</b>	<b>2,569</b>	<b>36.2</b>	<b>2,195</b>	<b>37.5</b>	<b>17.0</b>
Preserves	2,012	35.1	1,787	37.4	12.6
Impulse	477	58.4	346	56.5	37.6
Exports	81	14.3	62	13.5	30.8
<b>Operating Expenses</b>	<b>1,761</b>	<b>24.8</b>	<b>1,558</b>	<b>26.6</b>	<b>13.1</b>
Preserves	1,126	15.8	985	16.8	14.3
Impulse	598	8.4	541	9.3	10.4
Exports	37	0.5	31	0.5	18.8
<b>EBIT before Other Income and Expenses</b>	<b>808</b>	<b>11.4</b>	<b>638</b>	<b>10.9</b>	<b>26.8</b>
Preserves	886	12.5	802	13.7	10.4
Impulse	(121)	(1.7)	(195)	(3.3)	NM
Exports	44	0.6	30	0.5	43.1
Other income/expenses, net	(27)	(0.4)	(8)	(0.1)	NM
<b>EBIT</b>	<b>835</b>	<b>11.7</b>	<b>646</b>	<b>11.0</b>	<b>29.3</b>
Preserves	908	15.9	809	16.9	12.2
Impulse	(117)	(14.3)	(194)	(31.6)	NM
Exports	44	7.7	30	6.7	43.1
<b>All-In Result of Financing</b>	<b>(187)</b>	<b>(2.6)</b>	<b>(152)</b>	<b>(2.6)</b>	<b>22.5</b>
Interest earned (paid), net	(186)	(2.6)	(169)	(2.9)	9.9
Exchange (loss) gain	(1)	(0.0)	17	0.3	NM
Equity investment in associated companies	104	1.5	243	4.2	(57.4)
MegaMex	88	1.2	230	3.9	(61.7)
Others	16	0.2	13	0.2	16.7
Income before income taxes	752	10.6	737	12.6	2.0
Income tax provision	288	4.0	195	3.3	47.4
Consolidated net income	464	6.5	542	9.3	(14.3)
Minority interest	304	4.3	362	6.2	(16.0)
Majority net income	160	2.3	180	3.1	(11.0)
<b>EBITDA</b>	<b>1,076</b>	<b>15.1</b>	<b>871</b>	<b>14.9</b>	<b>23.6</b>
Preserves	999	17.4	897	18.8	11.3
Impulse	18	2.2	(72)	(11.7)	NM
Exports	60	10.5	46	10.0	30.8

9



Figures expressed in millions of MXN.

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

STATEMENT OF FINANCIAL POSITION	Mar 31, 2022	%	Dec 31, 2021	%	Change	
					\$	%
<b>TOTAL ASSETS</b>	<b>36,086</b>	<b>100.0</b>	<b>35,969</b>	<b>100.0</b>	<b>117</b>	<b>0.3</b>
Domestic	33,560	93.0	33,545	93.3	15	0.0
USA	2,526	7.0	2,424	6.7	101	4.2
Current Assets	13,139	36.4	12,830	35.7	309	2.4
Cash and Cash Equivalents	3,042	8.4	2,216	6.2	826	37.3
Accounts Receivable	3,244	9.0	3,936	10.9	(693)	(17.6)
Other Accounts Receivable	106	0.3	117	0.3	(11)	(9.4)
Inventories	4,877	13.5	4,830	13.4	47	1.0
Other Current Assets	1,869	5.2	1,730	4.8	139	8.0
Non-Current Assets	22,947	63.6	23,140	64.3	(192)	(0.8)
Property, Plant and Equipment, Net	4,961	13.7	5,003	13.9	(42)	(0.8)
Right-of-Use Assets	1,155	3.2	1,014	2.8	141	13.9
Investment in Subsidiaries	7,109	19.7	7,418	20.6	(309)	(4.2)
Intangible Assets	7,257	20.1	7,256	20.2	1	0.0
Other Assets	2,465	6.8	2,449	6.8	16	0.7
<b>TOTAL LIABILITIES</b>	<b>18,675</b>	<b>51.8</b>	<b>18,546</b>	<b>51.6</b>	<b>129</b>	<b>0.7</b>
Domestic	17,828	49.4	17,701	49.2	127	0.7
USA	847	2.3	845	2.4	2	0.2
Current Liabilities	7,310	20.3	7,103	19.7	208	2.9
Accounts Payable	3,828	10.6	3,654	10.2	174	4.8
Short-Term Debt	750	2.1	750	2.1	0	0.0
Short-Term Leases	287	0.8	265	0.7	22	8.2
Other Short-Term Liabilities	2,445	6.8	2,433	6.8	12	0.5
Long-Term Liabilities	11,365	31.5	11,444	31.8	(78)	(0.7)
Long-Term Debt	9,250	25.6	9,250	25.7	0	0.0
Long-Term Leases	702	1.9	672	1.9	30	4.4
Other Liabilities	(30)	(0.1)	(32)	(0.1)	2	6.3
Other Long-Term Liabilities w/o Cost	1,443	4.0	1,553	4.3	(110)	(7.1)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>17,411</b>	<b>48.2</b>	<b>17,423</b>	<b>48.4</b>	<b>(12)</b>	<b>(0.1)</b>
Minority Stockholder's Equity	10,438	28.9	10,541	29.3	(103)	(1.0)
Majority Stockholder's Equity	6,972	19.3	6,882	19.1	91	1.3

Figures expressed in millions of Mexican pesos



GRUPO  
HERDEZ