



1Q26 Script - Grupo Herdez®

Operator

Good morning, everyone and welcome to Grupo Herdez®'s First Quarter 2026 Earnings Conference Call. This call is being recorded. 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 Andrea Amozurrutia, Chief Financial and Sustainability Officer. Please go ahead.

Andrea Amozurrutia, Chief Financial and Sustainability Officer

Good morning, everyone.

Thank you for joining us today to discuss our first quarter 2026 results. I am pleased to walk you through our performance and, more importantly, the strategic steps we are taking to solidify our position for the remainder of the year.

Before we discuss the numbers, I would like to clarify the structural changes in our financial reporting. As you know, we successfully finalized the sale of our 25% stake in McCormick® de México at the beginning of the year. To ensure total clarity: our stake is now recorded under 'Equity Investments in Associated Companies,' and strategic fees are integrated into 'Revenue from Related Parties'. Consequently, the figures we explained in the press release and in this call are on a proforma basis—excluding McCormick® de México from our consolidation and removing Grupo Nutrisa® from the baseline. We believe this is the most accurate way to understand the organic evolution of our core business.

Turning to our quarterly performance, we posted a 17.5% growth in net sales, reaching 5.2 billion pesos. While the market context remains complex, this growth is a direct result of our proactive operational planning ahead of our new SAP S/4HANA 'go-live' on April 1st. This was a massive logistical challenge that our teams managed exceptionally well, allowing us to deliver a historic volume of nearly 70,000 tons in March. This milestone proves that our infrastructure is more than capable of handling major technological transitions without disrupting our service levels. Furthermore, key categories like pasta, vegetables, and homemade salsas expanded their market share, which reinforces the strength of our brands even when consumer demand faces headwinds.



Our operating profit grew 27.1% to 620 million pesos, and EBITDA rose 23.7% to 810 million pesos. Margins expanded to 11.9% and 15.6%, respectively, primarily driven by the operating leverage resulting from that extraordinary top-line performance.

Regarding our financial structure, we are executing a very deliberate deleveraging path. With the proceeds from the McCormick® transaction, we have already reduced our debt by 1.4 billion pesos in the first quarter. Our roadmap is set to reduce it by almost 4 billion pesos by year-end, through additional loan repayments and the settlement of the Herdez 22-2L at maturity. This will bring our net leverage to a very comfortable level under 2.5 times, giving us the financial flexibility to continue investing in our growth.

Please be aware that as a result of our strategic front-loading in the first quarter, we anticipate a compensatory adjustment in the second quarter. Consequently, we expect Q2 net sales to show a slight decrease when compared to the 2025 proforma figures. This volume shift will naturally impact our operating and EBITDA margins, as lower expense absorption will temporarily put pressure on profitability. As a result, we recommend analyzing the full first-quarter performance to extract the ERP impact. By year-end, we expect sales to grow in the high single digits and margins to retract around 1 percentage point due to the SG&A pressure related to the implementation of the ERP during the year

Having said that, we are closely monitoring geopolitical tensions in the Middle East and rising crude oil prices, which suggest potential pressure on plastic packaging and logistics fees for the coming quarters. As of today, we have already received notices from certain suppliers regarding cost increases in packaging for the coming months. While we do not expect these impacts to be material, our focus remains on securing supply availability and implementing mitigation strategies. If any guidance updates are required, we will let you know in the following quarters.

Yesterday, during our Annual Shareholders Meeting, we presented audited financials for 2025. An ordinary dividend of 1.50 pesos per share was approved, payable in two equal installments: the first on May 12th and the second on October 13th.

I would also like to take a moment to discuss our approach to governance and climate risk. For the first time, we are reporting under the IFRS S1 and S2 standards, alongside our audited financial statements. This is not just a regulatory update; it is an integration of our sustainability strategy into our core financial reality. Through our materiality assessment, we have identified water stress as our most critical risk. This is not a new focus for us—we have been aggressively managing this since 2022, supported by our sustainability-linked bond. The progress we've made in optimizing water consumption per ton produced has been significant, and we are fully on track to meet our 25% reduction target by 2030. We view this as a fundamental aspect of our business continuity and efficiency.



Finally, regarding our operational strategy, on April 13th, we announced the formalization of our 50/50 joint venture with Froneri for our ice cream segment, which we expect to close by mid-year. This is a strategic pivot that allows us to capture more value. Under this agreement, Froneri—a world-class global leader—will assume operational control of the ice cream business. They bring the technical expertise and global scale that this segment needs to thrive, allowing us to focus our resources on the areas where we can deliver the most sustainable returns.

In summary, at 112 years young, Grupo Herdez® is a company that does not just react to the market; we evolve ahead of it. The results of this quarter, combined with our technological transformation and our rigorous approach to climate risk, position us for a very bright future. Thank you for your time. I will now turn it over to the operator for the Q&A session.

Visita el sitio web corporativo de Grupo Herdez®: <https://grupoherdez.com.mx/>

ACERCA DE GRUPO HERDEZ®

Con más de un siglo de historia, Grupo Herdez® es un digno representante de la gastronomía mexicana a nivel global. Desde 1914, ha llevado a las familias mexicanas y al mundo lo mejor de su cocina, construyendo un legado de sabor e innovación. La empresa es líder en el sector de alimentos procesados y un actor clave en la categoría de helados en México. Su portafolio excepcional de más de 1,500 productos, bajo marcas como Herdez®, Doña María®, Del Fuerte®, Barilla®, McCormick® y muchas más, ofrece soluciones prácticas y deliciosas para los distintos estilos de vida de sus consumidores. Grupo Herdez® opera con una sólida infraestructura que incluye 15 plantas de producción y 26 centros de distribución, impulsados por el talento de más de 10,000 colaboradores. Cotiza en la Bolsa Mexicana de Valores desde 1991 y su visión de sostenibilidad se alinea con 7 Objetivos de Desarrollo Sostenible de la Agenda 2030 de la ONU. Además, a través de su participación en MegaMex Foods®, es líder en la categoría de guacamole y otros alimentos mexicanos en Estados Unidos. Para más información, se puede visitar www.grupoherdez.com.mx o seguir sus redes sociales en LinkedIn e Instagram.

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