Kimberly-Clark de México

Constant innovation, sustainable value

2024 annual report

KIMBERLY-CLARK DE MEXICO is a Mexican company that makes, distributes and sells cleaning, personal care and hygiene products such as: diapers and baby products, feminine napkins, incontinence products, toilet paper, napkins, tissues, paper towels, wet wipes and soaps. Among its main brands are Huggies®, KleenBebé®, Kleenex®, Evenflo®, Pétalo®, Suavel®, Cottonelle®, Depend®, Kotex®, Escudo®, and Blumen®. Because of its continuous innovation and consumer-centric approach, the company is a leader in most of the categories in which it participates. KCM is listed on the Mexican Stock Exchange under the ticker symbol "KIMBER."

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Innovation is at the heart of our DNA. Throughout our history, we have introduced disruptive products that have transformed the market, created new categories, and set industry standards.

Our relentless drive for innovation—combined with operational excellence, financial strength, and a strong commitment to sustainability—fuels consistent and growing value for our stakeholders.

Constant innovation: **quality and well-being**

Huggies Ultra Confort®

Huggies®, the expert in baby care, is recognized for its leading innovation and superior performance.

In 2024, Huggies Ultra Confort® and Huggies All Around® underwent significant technological improvements that reinforce their promise of quality and the well-being of the little ones.

Huggies Ultra Confort® now features a curved elastic system and a wider anatomical cut in the back, ensuring better coverage and a smoother fit around the baby's crotch. Additionally, longer-fastening tapes provide a more secure fit, enhancing comfort and freedom of movement.

Huggies All Around®, Mexico's first self-adjusting diaper, evolved in 2024 to offer superior performance. The diaper's construction was renewed to a single piece, allowing the waist and chassis to cover the entire back of the baby's body. This improved structure includes a double high-protection barrier to prevent leaks, keeping babies dry and comfortable for longer.

Both innovations are accompanied by a refreshed brand image, reflecting Huggies® continued commitment to innovation and baby care. With these improvements, Huggies® remains the preferred choice of parents seeking the best for their children, combining advanced technology, comfort, and protection in every product.

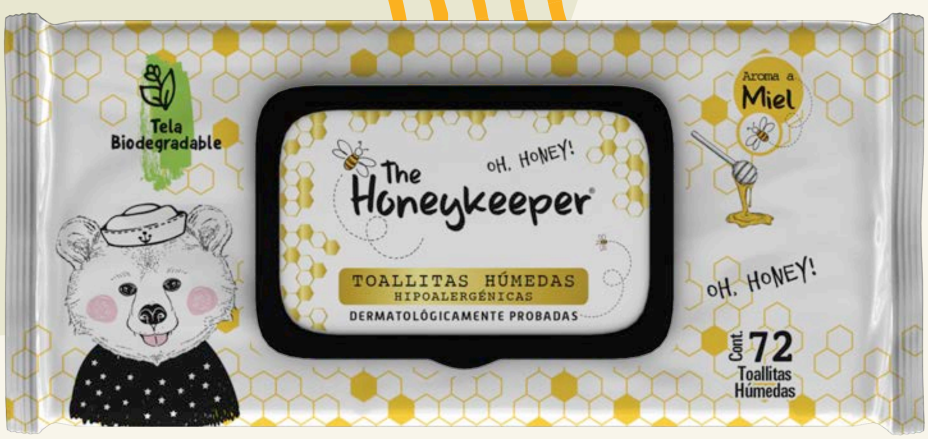
Constant innovation: **freedom and safety**

Kleenbebé Movilastic®

KleenBebé Movilastic® continues to stand out as the most innovative offering within the KleenBebé® family, now featuring Bluey characters on its packaging and covers.

Designed for active babies, Movi 360 technology adapts perfectly to the baby's tummy, providing all-around protection and exceptional comfort. The combination of advanced technology and attractive design ensures that Kleenbebé Movilastic® remains the parents' preferred choice.

The addition of Bluey characters enhances the visual appeal and fun while strengthening the emotional connection between the product and its young users. Parents can trust that they are choosing a diaper that meets the highest standards of quality and comfort, making diaper changes a more enjoyable experience for their children.



Constant innovation: **maximum care**

The Honeykeeper®

The Honeykeeper® introduced an exciting launch in the baby wet wipes category, elevating the segment with high-quality products.

Staying true to its essence, Honeykeeper® wet wipes are made with biodegradable fabric and feature the brand's signature honey scent. Dermatologically tested, hypoallergenic, and paraben-free, they provide gentle yet effective care for a baby's delicate skin.

Rigorous biodegradability tests—endorsed by the prestigious German certification body TÜV SÜD—demonstrated that 85% of the product breaks down within 45 days, converting into carbon dioxide, water, and biomass. This process significantly reduces waste accumulation and environmental impact, reinforcing The Honeykeeper's commitment to sustainability.

With this launch, The Honeykeeper® not only offers a superior product in terms of care and durability, but also contributes to a cleaner, greener future. Honeykeeper® wipes are the ideal choice for parents who prioritize both their baby›s well-being and the environment.

Constant innovation: **softness and comfort**

Kleenex® Cottonelle Extra Comfort

Kleenex Cottonelle® is the undisputed leader in the premium toilet paper segment.

Recognized for its commitment to ultimate softness and skin care, Kleenex Cottonelle® continued consolidating its reputation among the most demanding consumers.

In 2024, the brand expanded its portfolio with the launch of Cottonelle® Extra Comfort to complement its already robust toilet paper portfolio, introducing a new standard in luxury and performance for the Mexican market. This Ultra-Premium toilet paper features exceptional characteristics such as its triple-ply construction for added strength and comfort; extra-long and extra-wide sheets for greater convenience; and a special embossed texture for enhanced softness.

Positioned in this exclusive and sophisticated segment, Cottonelle® raises the bar in quality and consumer satisfaction, offering attributes that are not found in other products in the market. The combination of advanced technology and careful design ensures that Kleenex Cottonelle® Extra Comfort delivers an unparalleled experience that reinforces its reputation as the market leader.

Constant innovation: **permanent protection**

Kotex Unika®

During 2024, Kotex® transformed its pad and pantyliner offerings, culminating in the launch of Kotex Unika®.

This brand stands out for its superior technology and advanced protection, including its cover with Turbo Dry® technology, which uses micro-cones to capture and absorb menstrual flow quickly, encapsulating it to prevent moisture from returning to the surface and ensuring superior dryness. Additionally, it features the Flex Fit base and Ultra-lock wings, offering secure fit and flexibility, moving naturally with the body.

In the pantyliner segment, Kotex Unika® Techno-Care introduces a revolutionary blend of Niacinamide and Vitamin E, bridging intimate care with skincare innovation. These ingredients enhance the products under a new concept that brings the skincare routine to the intimate area and reinforces the brand's superior innovation values for new consumers.

With a modern, vibrant new image, Kotex Unika® reinforces its commitment to cutting-edge technology, comfort, and security, clearly communicating the attributes of each product, using vibrant and elegant colors at the point of sale.

Constant innovation: **discretion and comfort**

Depend®

The complete line of Depend® products has long been recognized for its superior absorbency, discretion, and comfort.

In recent years, skin care has become one of the most important attributes within this category, reflecting the brand's commitment to the integral well-being of its users.

In 2024, Depend® consolidated as the specialized brand in skin care through its innovative Derma Protect technology, which offers consumers secure protection that effectively cares for and protects their skin. This technology features an internal cover enriched with copper oxide, zinc, and silver to help prevent and relieve irritations, notably improving skin conditions. The combination of these minerals in the internal cover ensures that the products are not only highly absorbent and comfortable but also offer additional benefits for skin health.

The exclusive Derma Protect technology is now incorporated across all Depend® product lines, offering a comprehensive solution for protection and well-being. This makes Depend® an ideal choice for those seeking products that provide comprehensive protection and superior care.

With this advancement, Depend® sets a new benchmark in incontinence care, reaffirming its commitment to innovation and consumer care, providing products that prioritize both protection and skin health.

Constant innovation: **efficient solutions**

Kimberly-Clark Professional

At Kimberly-Clark Professional, innovation extends beyond our products to the platforms that deliver them.

This year, the brand introduced the first and only dispensers made with 100% recycled plastic, aligning with our industry goals and the requirements of the industries we serve. This advancement reflects our commitment to sustainability and environmental responsibility, offering solutions that are not only efficient, but also ecological.

Additionally, the launch of the Pétalo® dispenser line provides a cost-effective, design-forward solution tailored to mid-tier locations. This new line combines functionality and design, ensuring that our products meet quality standards and integrate aesthetically into various environments.

With these innovations, Kimberly-Clark Professional continues to lead the way in the industry, providing solutions that respond to current market demands and anticipate future needs. Our commitment to innovation and sustainability ensures that we remain a reliable partner for our clients, offering products that improve operational efficiency and contribute to a greener future.

Letter to our Shareholders:

Sales, operating profit, net income, and EBITDA all reached record levels for the third consecutive year, showing significant increases in profitability.

2024 was another very good year for your company. We laid the foundation for continued good results in 2025 and the years to come.

Sales, operating profit, net income, and EBITDA all reached record levels for the third consecutive year, showing significant increases in profitability.

Regarding sales, our Consumer Products and Professional businesses grew 2.2 percent and 2.8 percent, respectively, despite the slowdown in domestic consumption during the second half of the year. In both cases, this growth was supported by prices in the first half of the year and by volumes toward the end of the year. These results were driven by relevant innovations across various categories, accompanied by intense interaction with consumers to strengthen their preference for our brands, resulting in market share gains in the company's largest businesses.

Meanwhile, our Exports business for finished products showed robust growth of 21.5 percent, resulting from increased requirements from our partner, Kimberly-Clark Corporation. In the case of paper master rolls, sales were in line with the previous year, although the last quarter showed substantial growth derived from the peso's depreciation.

With respect to costs, during 2024 we saw a deterioration in the prices of various raw materials, particularly pulp and resins, which, combined with increased labor and distribution costs, as well as the peso's depreciation in the second half of the year, put pressure on margins in the third and particularly fourth quarter of the year. However, higher production volumes and efficiencies, along with the very good results from our cost savings plan—a fundamental part of the company's culture—allowed us to improve margins sequentially and achieve almost 15 billion pesos in EBITDA and 7.8 billion pesos in net income, increases of 7.0 percent and 11.7 percent, respectively.

Our operating results, hand in hand with the control and optimization of our working capital, were fundamental in achieving solid cash generation. With this, our net leverage ratio (Net Debt/EBITDA) remains at very healthy levels below 1.0 times, even after investing in fixed assets, paying dividends, and repurchasing shares.

Notably, your company once again generated more than 1 billion pesos in profit sharing. Profit sharing is a faithful reflection of our culture of making all employees participants in the company's results and, consistent with this, has always been one of the highest in the country. In the same vein, in compliance with new labor regulations, your company has already validated all collective

We achieve almost 15 billion pesos in EBITDA and 7.8 billion pesos in net income.

We will accelerate our pipeline of innovations, increase support for our brands, and redouble our commercial actions.

bargaining agreements and obtained the necessary approvals for negotiations and salaries, with almost all approval rates exceeding 98 percent.

In 2025, the Mexican economy is expected to continue growing, albeit at a slower pace, and consumers will continue to show resilience, derived from the increase in real wages, significant inflow of remittances, and social support programs implemented by the previous and current administrations, among other factors. There will be growth, but clearly not as much as the country needs and can achieve.

In this environment, we will accelerate our pipeline of innovations, increase support for our brands, and redouble our commercial actions, with the aim of further strengthening our market position and achieving another year of growth.

Regarding costs, most raw materials will have a favorable comparison in dollars, but the exchange rate, at its current level, will be a strong headwind at least during the first six months of the year, and will remain subject to uncertainty and volatility derived from actions that U.S. President Donald Trump's administration decides to pursue. Through our purchasing, operations and innovation, development, and quality areas, we will urgently and aggressively work to minimize these impacts, as well as to achieve another year of strong efficiencies and savings. However, due to the peso devaluation and some potential actions that may occur regarding tariffs and other factors, we will very likely have to implement some price increases.

We will be promoting actions that increase our speed to market and improve our offering to consumers and clients, while allowing us to use our resources more efficiently, do more with less, and achieve another good year. Additionally, these actions will better position us to accelerate our growth and strengthen our results in the future. We are very excited about the opportunities for your business and dedicated to leveraging them to give your company a significant boost. We are investing in the present to achieve a better future.

In this report, you will be able to verify the actions and results in the areas of innovation, operations, sustainability, social responsibility, and human resources, among other topics.

Dear Shareholders, we again thank you for your continued confidence and support in our management, and we reiterate our commitment to carrying out the necessary plans and programs so that Kimberly-Clark de México remains the successful company that it is and has always been.

Sincerely,

Claudio X. González L.
Chairman of the Board
of Directors

Pablo R. González G.
Chief Executive Officer

This report received a favorable opinion in all its terms from the Board of Directors in a meeting held on February 11, 2025.

Operating summary

Financial Results

In 2024, we continued to strengthen our brands' market position, allowing us to increase sales by 2.8 percent—a historic high for your company—despite a challenging environment.

Additionally, we continued to generate greater operational efficiencies, and our ongoing program of cost and expense reduction once again delivered substantial savings that contributed to improving the company's profitability.

As a result, operating profit grew by 7.7 percent, while EBITDA—which reached a record figure—showed growth of 7.0 percent, with a margin of 27.2%, 110 basis points above the margin shown the previous year and above our long-term target range. Net income grew by 11.7 percent.

These results, combined with constant optimization of our working capital, allowed us to achieve solid cash generation, and with this, our net leverage ratio (Net Debt/EBITDA) decreased to 0.8 times, even after maintaining our investments in fixed assets, repurchasing shares, and paying dividends to shareholders.

Innovation

In 2024, we continued building a present with a great future through relevant, differentiated innovative solutions focused on improving our consumers' quality of life, while always caring for the environment. Our developments and launches are centered on their needs, delivering superior performance and the utmost care, safety, and protection.

In our premium Baby Diaper segment, we revolutionized the chassis of our Huggies® diapers with a new cut that offers greater coverage and the best anatomical fit in the market. These products now feature a Flex V-Shape tape system incorporating four attachment points and a softer elastic waistband, making Huggies® the most comfortable, flexible, and anatomical diaper in Mexico. Consistent with this, we modernized our packaging with textures, finishes, and a visual identity that communicate this superiority.

Continuing with Huggies®, we renewed the prestigious Dermatest® certification, which guarantees that we meet the highest standards in specialized and independent dermatological safety tests.

Conscious of new usage trends, we launched Huggies Ultra Confort® Stage 7 to cover a broader spectrum of use.

For our self-adjusting Huggies All Around® diaper, we redesigned its shape and construction to naturally adapt to the baby's body and movement rhythm.

In KleenBebe Suavelastic®, we implemented our FlexZone system with softer and more resistant tapes, integrating two components into one. We also integrated the Bluey® license, adding an element of fun and relevance to the brand.

Continuing our commitment to improve the user experience across all our products, we integrated a new circular lid on Huggies® Wet Wipes to facilitate extraction from the packaging. Additionally, we added new Honeykeeper® wet wipes to our portfolio, serving consumers who seek new sensory experiences, biodegradable materials, and great performance in resistance and softness.

In 2024, we were industry pioneers in the development and adoption of 100% recyclable packaging films for wet wipes, without affecting their appearance, safety, and functionality in any way.

In the Infant Feeding business, we transformed our breast pump catalog with the arrival of our first wireless, portable, and "hands-free" model. We renewed the designs and image of a large part of our portfolio of bottles, cups, glasses, and dispensers to maintain the freshness and vitality of the Evenflo® brand on physical and digital shelves.

Within the Incontinence category, we continued to dominate the skincare market with the launch of Depend® Skin Care underwear (ultra-absorbent) and the new Depend® panty liners, which integrate Derma Protect technology in their covers to prevent irritations, dermatologically and clinically tested.

2024 was a year of renewal for our Kotex® and Kotex Unika® pads line in Feminine Protection. We introduced a new technological platform that takes protection, fit, and distribution to the next level, now also featuring exclusive technologies such as Turbo Dry (extra-dryness) and Turbo Absorb (absorption speed). We renewed our Kotex® and Kotex Unika® pantyliners, incorporating ingredients that care for the intimate area and help maintain vaginal pH. Additionally, we expanded our portfolio with innovative products such as Kotex Unika® Pro and Kotex Unika® Maxi Comfort, with additional benefits in protection and skin care.

In the Toilet Paper category, we introduced our Kleenex® Cottonelle Extra Comfort® toilet paper to the super-premium segment. This product offers extraordinary softness and performance thanks to its triple extra-long, extra-wide, and extra-resistant sheet.

Throughout the year, commemorative editions were launched with licenses of iconic characters like SpongeBob® for toilet paper, napkins, and Pétalo® paper towels. Peanuts® characters also inspired special editions of napkins, paper towels, and facial tissues under the Kleenex® brand. Likewise, in the napkins and paper towels segments, we boosted our brands' leadership and relevance by offering printed editions with Disney® and Pixar® characters. We also celebrated 100 years of Kleenex®, an iconic brand in Mexico and worldwide, with anniversary editions: products designed for special moments that pay tribute to our legacy, with the absorption, softness, and resistance that have accompanied the brand for generations.

We renewed our Kotex® and Kotex Unika® pantyliners, incorporating ingredients that care for the intimate area and help maintain vaginal pH.

We elevated the user experience in the Hand Towels category with the arrival of Kleenex® Cottonelle® Elegance towels, offering high performance in drying and unmatched resistance, softness, and absorption capacity.

Hand in hand with our strategic partner, we developed Scott® Comfort Plus Soft Lavender toilet paper for the U.S. market; a single-ply product with a subtle fragrance that offers high performance in softness and resistance.

Additionally, we complemented our portfolio of Beauty Care solutions with the launch of new products: collectible shampoos, shine shampoos, untangling lotions, and long-lasting hair fixers.

Finally, to contribute to our ambition of reducing virgin plastic use and addressing the interest of Professional Products concessionaires and clients, we integrated a complete line of Pétalo® dispensers for towels and toilet paper manufactured with 100% recycled resins.

Operations

In 2024, our production strategy focused on establishing and implementing significant changes in operations; thus laying the groundwork for a much more efficient, productive, and modern future, continuing our mission of supporting the company's growth with a cutting-edge technological platform. Likewise, we prioritized relevant innovations supported by robust quality systems that maintained our company as a benchmark in Personal Care Products, Household Products, and Professional Products.

In Personal Care, we transformed the cost structure of our baby diapers, incontinence products, and feminine protection, through cutting-edge technology and diversified supply chain strategies, enabling us to advance in optimizing the different production processes. Additionally, we consolidated our wet wipes operations with favorable results in operational efficiency and flexibility.

Furthermore, we continued investing in technology to capitalize on export opportunities in baby diapers, wet wipes, and non-woven fabrics, and in equipment and machinery that allowed us to bring relevant innovations to the market in baby diapers with superior absorbency and fit performance, as well as the feminine nighttime pad with the highest absorbency in the market.

In Tissue, this year we installed the first three new napkin lines, continuing our operations efficiency and modernization process, which includes complete automatic packaging equipment. We also installed two modern and fully automatic machines for the Professional division that manufacture napkins in different presentations and packaging formats. We continued with the expansion and improvement of warehouses, where we included new loading docks and maneuvering yards. Also in 2024, we began construction of a modern system for handling, cleaning, and reusing process water, and continuing with the efficient use of resources, we replaced energy control equipment and vacuum handling in tissue machines, resulting in increasing electricity savings.

We prioritized relevant innovations supported by robust quality systems that maintained our company as a benchmark in Personal Care Products, Household Products, and Professional Products.

We have achieved important milestones in our "Ambition 2030," which positively impacts 13 of the 17 UN Sustainable Development Goals.

Regarding our savings program, we continued initiatives to achieve competitive cost advantages, generating more than 1.65 billion pesos in savings and, for the tenth consecutive year, representing at least 5% of the cost of goods sold.

Sustainability

In the area of sustainability, we continue to advance with determination and firmness. We have achieved important milestones in our "Ambition 2030," which positively impacts 13 of the 17 United Nations Sustainable Development Goals (SDGs).

We are proud to be the only company in the sector where 100% of virgin cellulosic fibers come from sustainable sources. Additionally, we have Forest Stewardship Council (FSC®) accreditation that recognizes adherence and compliance with best practices for forest-origin supply chains, from forest to consumer.

We continue our journey toward a circular economy through the inclusion of biodegradable packaging in new products, a broader portfolio of plastic-free wet wipes, and various products that achieve greater efficiency with less resource use through innovative technologies.

We reaffirm our commitment to responsible water use, standing out worldwide for our efficiency in water use per unit produced. During 2024, our freshwater use remained a benchmark, being 60% below the average for our sector in the North American region. This, coupled with the fact that more than 50% of the water used in our operation comes from post-consumer sources. At our San Juan del Río plant, we maintained the Water Quality Certificate granted by the National Water Commission, which confirms the good quality of our discharges. In recognition of our continuous effort to maintain high environmental management standards, operations at our Texmelucan, Tlaxcala, and Prosede plants maintained the prestigious Clean Industry certification granted by PROFEPA.

For the eighth consecutive year, we met the necessary criteria to be part of the British FTSE Emerging ESG Index and were again recognized in the Dow Jones Sustainability Index (DJSI) Latin American Integrated Market (MILA) region. Additionally, for the fifth consecutive year, Kimberly-Clark de México (KCM) was included in the Dow Jones Sustainability Emerging Markets Index, where we not only lead the "Household and Personal Care Products" sector's 25 emerging economies covered by the index, but also are the only Mexican company to be listed—a testament to our commitment to sustainability.

Social Responsibility

At Kimberly-Clark de México, we focus on our employees' health and well-being, as well as the positive impact we can generate in society. For this reason, we have implemented various programs and partnerships aimed at improving people's quality of life and promoting communities' comprehensive development.

"Abrazando su Desarrollo" by Huggies® program provides parents and caregivers with information and tools to stimulate children's physical and mental development from an early age.

Through the KCM Wellness program, which aims to promote the physical and mental well-being of our employees, we offer workshops and sessions that address topics such as health, physical exercise, mental health, financial literacy, and other aspects related to holistic well-being. By caring for our employees, we contribute to creating a healthy and productive work environment.

In addition, our brands have ongoing programs that seek to positively impact society. The "Abrazando su Desarrollo" by Huggies® program focuses on psychomotor development during early childhood, reaching more than 220,000 people through its website and digital social platforms. This program provides parents and caregivers with information and tools to stimulate children's physical and mental development from an early age.

KleenBebé®, in collaboration with the Mexican Red Cross, continued its "Apapachos de Vida" program, offering health advice to parents and caregivers. During the year, 115 communities were visited in Querétaro, Morelos, Chiapas, State of Mexico, and Mexico City, positively impacting more than 5,520 people. In addition to providing essential information on healthy pregnancy, breastfeeding, vaccination, prevention of gastrointestinal diseases, and baby care and hygiene, 3,000 mammograms were performed on the vulnerable population.

In 2024, the Kotex® Por Todas (For All Women) platform—dedicated to social responsibility and action—continued to promote the safety and well-being of Mexican women through various initiatives. Using new media, we brought women closer to specialists in sex education, safety, and health through the Kotex® Por Todas podcast, achieving more than 7 million positive impacts. Additionally, the second edition of the Kotex® Por Todas Race gathered more than 4,500 participants in Mexico City and, for the first time, in Monterrey, giving visibility to various associations focused on women's issues. Finally, the Kotex® School Tour program impacted more than 260,000 primary and secondary school girls, bringing information on hygiene and sexual education to 667 schools throughout the country.

Escudo® antiseptic, in collaboration with Planet Water Foundation, built two new water towers in marginalized communities of Querétaro, benefiting more than 3,600 inhabitants and conducting educational campaigns on the importance of handwashing. At the close of this third year of collaboration, the brand has already provided 10,800 people with access to vital water.

Finally, in the sixth year of our alliance with COI Foundation, we supported the fight against breast cancer with special editions in October, positively impacting 3,100 patients with specialized medical consultations, mammograms, emotional support, and donations in kind such as wigs and oncological sleeves.

Human Resources

For KCM, our people are our most important resource, and our priority is to have the best team of employees, dedicated and committed to achieving our goals and satisfying the needs of our clients and consumers. Their safety and well-being are our priority, and we strive to provide safe and reliable workplaces. Our vision is to be recognized as the best company in our industry for safety, hygiene, and work environment.

True to our culture, we foster a challenging work environment in which our people can grow, develop their potential, and be recognized and rewarded for their contributions. We promote freedom of association and unionization, and we maintain a relationship of mutual respect and recognition with our unions, with salary and contractual reviews within competitive parameters and always in a climate of cordiality. Our compensation scheme is results-oriented and can be summed up as: "if the company does well, our people do well." Proof of this is our profit sharing—consistently one of the highest in the country—and for which KCM paid its employees more than 1.07 billion pesos in 2024.

Our hiring, compensation, and promotion processes are equitable and without distinctions, seeking to attract and retain the most qualified and competitive personnel. We promote their professional development by providing training, and we have established physical and mental health programs, and financial education, which enable them to improve their personal development.

We extend our sincere recognition and gratitude to all our employees for their commitment and results, and we urge them to continue giving their best and to be better every day in order to offer our consumers and clients the best products and solutions, and to strengthen our market leadership.

Relationship with Kimberly-Clark Corporation (KCC)

Our partnership with KCC is fundamental for supporting both product and process innovation initiatives and implementing cutting-edge technology. This partnership is vital for KCM to have an active, dynamic window on everything that is happening in the world, and it enables us to participate in global purchasing agreements and share information on best operating and commercial practices.

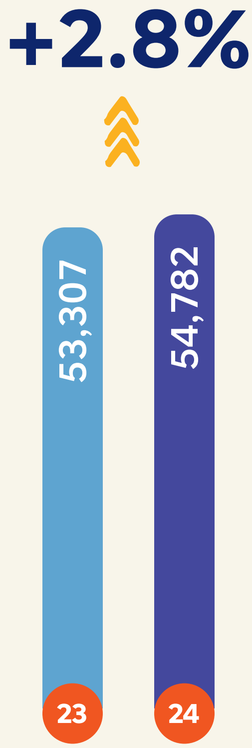
In 2024, we made a stronger entry into KCC's supply chain, developing significant projects such as Kleenex® Perfect Fit facial tissues, Scott® Scented toilet paper, Cottonelle® CleanCare toilet paper, and Huggies® Little Movers® diapers. Additionally, production continued of Cottonelle® FreshCare® flushable wipes, Huggies® Simply Clean baby wipes, and Huggies® Snug & Dry® diapers.

We are working on other developments in 2025 to consolidate ourselves as a significant supply source to our partner and fully leverage its technological and commercial developments.

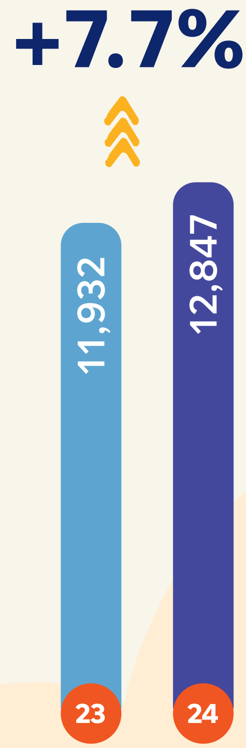
Our vision is to be recognized as the best company in our industry for safety, hygiene, and work environment.

Financial highlights

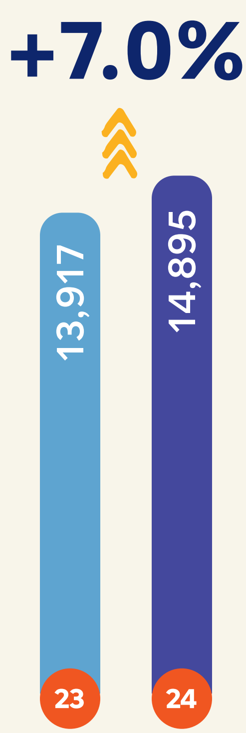
(Figures in millions of pesos)	2024	2023	Variation
Net Sales	**54,782**	53,307	2.8%
Gross Profit	**22,383**	20,700	8.1%
Margin	**40.9%**	38.8%	
Operating Income	**12,847**	11,932	7.7%
Margin	**23.5%**	22.4%	
Net Income	**7,830**	7,013	11.7%
Margin	**14.3%**	13.2%	
EBITDA	**14,895**	13,917	7.0%
Margin	**27.2%**	26.1%	
Net Earnings per Share (pesos)	**2.55**	2.28	



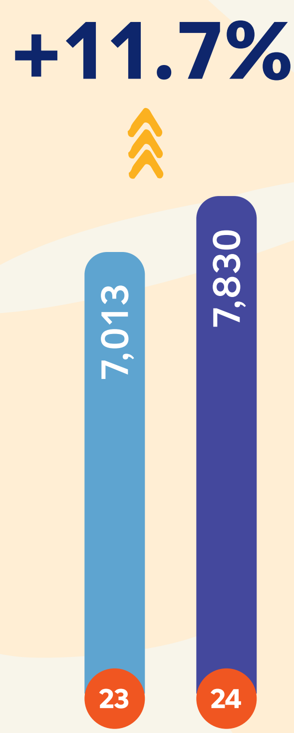
Net Sales
millions of pesos



Operating Income
millions of pesos



EBITDA
millions of pesos



Net Income
millions of pesos

Product

Home

- Toilet paper
- Napkins
- Facial tissues
- Servitoalla®
  paper towels

Babies

- Diapers
- Pull-up training pants
- Swim diapers
- Wet wipes
- Shampoo
- Cream and bar soap
- Feeding products

Pets

- Shampoo
- Spray
- Repellent
- Cleaner

Women

- Feminine pads
- Panty liners
- Tampons
- Intimate wipes
- Menstrual cups

portfolio

Personal care

- Bar soap
- Liquid hand soap
- Foaming liquid soap
- Liquid body wash

Adults

- Underwear
- Protectors
- Feminine napkins
- Prefolded

Cleaning and protection

- Wet wipes
- Anti-bacterial gel
- Disinfecting spray
- Facemasks

Professional

- Dispensers
- Jumbo® roll toilet paper
- Paper towels
- Hand towels
- Industrial cleaning cloths

Board of Directors

Directors	Alternate Directors
Claudio X. González Laporte Chairman	Guillermo González Guajardo
Valentín Diez Morodo* Vice Chairman	Emilio Cadena Rubio
Michael Hsu Vice Chairman	Paola Morales Vargas
Jorge Ballesteros Franco*	Jorge A. Lara Flores
Emilio Carrillo Gamboa*	Fernando López Guerra Larrea
Antonio Cosío Ariño*	Antonio Cosío Pando
Pablo R. González Guajardo	Esteban González Guajardo
Nelson Urdaneta	Sergio Chagoya Díaz
Alison Lewis	Alicia María Enciso Cordero
Esteban Malpica Fomperosa*	Fernando Ruiz Sahagún
Fernando Senderos Mestre*	Daniela Ruiz Massieu Salinas
Russell Torres	Jorge León Orantes Baena

* Independent

Management
Team

Pablo González Guajardo
Chief Executive Officer

Xavier Cortés Lascurain
Finance

Ommar H. Parra de la Rocha
Consumer Sales

Jorge Morales Rojas
Supply Chain and Execution

Cristina Pichardo López
Baby, Incontinence, and Pets Products Marketing

Regina Celorio Calvo
Home and Feminine Protection Marketing

Armando Bonilla Ruiz
Soaps, Toiletries, and Foreign Trade

Ernesto Reyes Díaz
Operations and Personal Care Technology

Roberto García Palacios
Tissue Manufacturing

Carlos Franco Solís
Innovation, Technological Development, Quality, and Sustainability

Alejandro Lascurain Curbelo
Human Resources

Alonso Martínez Marmolejo
Corporate Communications | Digital Marketing

Javier Rosas Delint
HUB IO

Yonatan Suárez Escamilla
Corporate Comptroller

Alejandro Argüelles de la Torre
General Counsel

Carlos Conss Curiel
Information Services

Salvador Escoto Barjau
Treasury and Investor Relations

Consolidated Financial Statements

Consolidated Financial Statements for the Years Ended December 31, 2024 and 2023, and Independent Auditors' Report Dated February 11, 2025

Independent Auditors' report

To the Board of Directors and Stockholders of Kimberly-Clark de México, S.A.B. de C.V.

Opinion

We have audited the accompanying consolidated financial statements of Kimberly-Clark de México, S.A.B. de C.V. and Subsidiaries (the Entity), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as of December 31, 2024 and 2023, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants ("IESBA Code") together with the Code of Ethics issued by the Mexican Institute of Public Accountants ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The accompanying financial statements have been translated into English for the convenience of readers.

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.

Allowance for rebates

Rebates are granted considering commercial plans established at the beginning of each period with customers, and in some cases, include assumptions that require significant management judgement to estimate the expected sales volume and the required allowance.

Our audit procedures included, amongst others, an understanding of the different commercial plans, analyses of variances and trends, the execution of control tests, recalculation of the amounts and validating source data. The results of our procedures were satisfactory.

Note 4 to the accompanying consolidated financial statements includes certain information about this allowance.

Information Other than the Consolidated Financial Statements and Auditors' Report

Management is responsible for the other information. The other information comprises the information that will be incorporated in the Annual Report which the Entity is required to prepare in accordance with article 33, section I, numeral b) of Title Fourth, Chapter First of the General Provisions Applicable to Issuers and other Stock Market Participants in Mexico and the Guidelines accompanying these provisions (the "Provisions"). The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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 reading the Annual Report, we will issue a declaration on this regard, as required by Article 33 Section I, paragraph b) numeral 1.2. of the Provisions.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 ISAs 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 ISAs, 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 Entity'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 Entity'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 Entity 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Entity as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, 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.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Affiliate of a member firm of Deloitte Touche Tohmatsu Limited

C.P.C. Erick J. Calvillo Rello

Mexico City, Mexico
February 11, 2025

Consolidated Statements of Financial Position

December 31, 2024 and 2023
(Thousands of Mexican pesos)

ASSETS	Notes	2024	2023
Current assets:			
Cash and cash equivalents	3	**$ 15,582,477**	$ 18,972,075
Trade accounts receivable and others	4	**8,011,232**	7,187,218
Derivative financial instruments	15	**1,503,682**	939,740
Inventories	5	**4,197,612**	4,113,459
Total current assets		**29,295,003**	31,212,492
Long-term assets:			
Right-of-use assets	6	**803,563**	1,009,148
Property, plant and equipment	7	**18,841,645**	17,924,639
Intangibles and other assets	8	**1,486,400**	1,614,897
Goodwill	9	**934,221**	934,221
Deferred income taxes	12	**719,798**	610,512
Derivative financial instruments	15	**28,817**	613,015
Total long-term assets		**22,814,444**	22,706,432
Total		**$ 52,109,447**	$ 53,918,924
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	10	**$ 5,220,000**	$ 4,242,500
Bank loans		**-**	235,000
Trade accounts payable		**9,515,807**	7,957,901
Lease liabilities	6	**250,416**	266,618
Other accounts payable, accrued liabilities and provisions	11	**2,970,059**	2,983,608
Employee benefits		**1,933,172**	1,850,599
Income tax	12	**604,649**	1,190,626
Total current liabilities		**20,494,103**	18,726,852
Long-term liabilities:			
Long-term debt	10	**21,870,283**	24,161,639
Lease liabilities	6	**688,776**	817,149
Retirement benefits	13	**460,206**	263,305
Derivative financial instruments	15	**1,189,163**	3,028,822
Total long-term liabilities		**24,208,428**	28,270,915
Total liabilities		**44,702,531**	46,997,767
Stockholders' equity			
Contributed		**19,433**	19,634
Earned		**7,711,963**	7,019,627
Other comprehensive income		**(324,480)**	(118,104)
Total stockholders' equity	16	**7,406,916**	6,921,157
Total		**$ 52,109,447**	$ 53,918,924

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Years ended December 31, 2024 and 2023
(Thousands of Mexican pesos, except as indicated)

	Notes	2024	2023
Net sales		**$ 54,782,251**	$ 53,307,168
Cost of sales		**32,398,989**	32,607,015
Gross profit		**22,383,262**	20,700,153
Selling expenses		**6,664,302**	6,048,228
Administrative expenses		**2,872,083**	2,719,549
Operating profit		**12,846,877**	11,932,376
Finance costs:			
Borrowing costs		**2,502,769**	2,858,799
Interest income		**(1,208,211)**	(1,364,148)
Exchange fluctuation – net		**13,220**	49,344
Income before income taxes		**11,539,099**	10,388,381
Income taxes	12	**3,708,809**	3,375,507
Consolidated net income		**$ 7,830,290**	$ 7,012,874
Basic earnings per share (in pesos)		**$ 2.55**	$ 2.28
Weighted average number of outstanding shares (in thousands)		**3,068,097**	3,075,133

See accompanying notes to consolidated financial statements.

Consolidated Statements of Other Comprehensive Income

Years ended December 31, 2024 and 2023
(Thousands of Mexican pesos)

	Notes	2024	2023
Consolidated net income		**$ 7,830,290**	$ 7,012,874
Other comprehensive income:			
Items that will not be reclassified subsequently to statements of income			
Actuarial (losses) gains on retirement benefits – net of tax	13	**(120,974)**	45,268
Items that may be reclassified subsequently to the statements of income			
Changes in valuation of derivative financial instruments – net of tax	15	**(85,402)**	(182,720)
		(206,376)	(137,452)
Consolidated comprehensive income		**$ 7,623,914**	$ 6,875,422

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2024 and 2023
(Thousands of Mexican pesos)

	Contributed	Earned	Other comprehensive income			
	Common stock	Retained earnings	Actuarial gain (losses)	Translation effects of foreign operations	Valuation of derivative financial instruments	Total stockholders' equity
Balance, January 1, 2023	$ 19,634	$ 4,988,468	$ (333,042)	$ 145,682	$ 206,708	$ 5,027,450
Dividends paid		(4,981,715)				(4,981,715)
Comprehensive income		7,012,874	45,268		(182,720)	6,875,422
Balance, December 31, 2023	19,634	7,019,627	(287,774)	145,682	23,988	6,921,157
Dividends paid		(5,719,747)				(5,719,747)
Repurchase of own shares	(201)	(975,207)				(975,408)
Acquisition of non-controlling interest		(443,000)				(443,000)
Comprehensive income		7,830,290	(120,974)		(85,402)	7,623,914
Balance, December 31, 2024	**$ 19,433**	**$ 7,711,963**	**$ (408,748)**	**$ 145,682**	**$ (61,414)**	**$ 7,406,916**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31, 2024 and 2023
(Thousands of Mexican pesos)

	2024	2023
Operating activities:		
Income before income taxes	**$ 11,539,099**	$ 10,388,381
Items related to investing and financing activities:		
Depreciation and amortization	**2,047,673**	1,984,520
Exchange fluctuations	**13,220**	49,344
Interest expense - net	**1,294,558**	1,494,651
	14,894,550	13,916,896
Trade accounts receivable and other	**(656,561)**	(198,279)
Inventories	**(84,153)**	484,847
Trade accounts payable	**609,048**	276,828
Other accounts payable, accrued liabilities and provisions	**33,748**	676,175
Employee benefits and retirement	**106,654**	469,068
Income taxes paid	**(4,301,987)**	(2,865,510)
Net cash flows provided by operating activities	**10,601,299**	12,760,025
Investing activities		
Additions to property, plant and equipment	**(2,503,339)**	(1,675,935)
Interest income	**1,208,024**	1,363,768
Other assets	**(4,226)**	777
Net cash flows used in investing activities	**(1,299,541)**	(311,390)
Excess cash to apply in financing activities	**9,301,758**	12,448,635
Financing activities		
Payment of loans	**(3,541,275)**	(1,750,000)
Interest paid	**(2,521,379)**	(2,785,068)
Payment of lease liabilities	**(366,685)**	(346,374)
Dividends paid	**(5,719,747)**	(4,981,715)
Repurchase of own shares stock	**(975,408)**	-
Acquisition of non-controlling interest	**(443,000)**	-
Derivative financial instruments	**62,895**	34,091
Net cash flows used in financing activities	**(13,504,599)**	(9,829,066)
Change in cash and cash equivalents	**(4,202,841)**	2,619,569
Effects of exchange rate changes on balance held in foreign currency	**813,243**	(566,652)
Cash and cash equivalents at the beginning of year	**18,972,075**	16,919,158
Cash and cash equivalents at the end of year	**$ 15,582,477**	$ 18,972,075

Relevant transactions related to financing activities eliminated in the preparation of this statement were: exchange fluctuations for $(2,932,500) in 2024 and $2,540,000 in 2023.

See accompanying notes to consolidated financial statements.

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023
(Thousands of Mexican pesos, except as indicated)

1. General information

Kimberly-Clark de México, S. A. B. de C. V. and its subsidiaries (the Entity) is a public company listed on the Mexican Stock Exchange. The address of its registered office and principal place of business is 8 Jaime Balmes street, 9th floor, Los Morales Polanco, Mexico City, and it is engaged in the manufacture and commercialization of disposable products for daily use by consumers within and away from home, such as: diapers and child care products, feminine pads, incontinence care products, bath tissue, napkins, facial tissue, hand and kitchen towels, wet wipes and soap. Some of the main brands include: Huggies®, KleenBebé®, Kleenex®, Suavel®, Pétalo®, Cottonelle®, Depend®, Kotex®, Evenflo®, Escudo® and Blumen®.

2. Basis of presentation and material accounting policies

The accompanying consolidated financial statements were prepared under the going concern basis of accounting and they are in accordance with International Financial Reporting Standards (IFRS). They have been translated from Spanish into English for use outside of Mexico. The main accounting policies are as follows:

a. **Measurement basis -** The consolidated financial statements have been prepared on the historical cost basis except for valuation of financial instruments that are measured at fair value.

   - Historical cost is generally based on the fair value of the consideration given in exchange for assets.
   - Fair value is defined as the price which would be received for selling an asset or which would be paid for transferring a liability in an orderly transaction between market participants at the valuation date. Fair value measurements are categorized in three levels:
     - Level 1 inputs are quoted prices in active markets,
     - Level 2 inputs are observable inputs, other than quoted prices included within Level 1,
     - Level 3 inputs are unobservable inputs for the assets or liability.

b. **Basis of consolidation -** *The consolidated financial statements include the accounts of Kimberly-Clark de México, S. A. B. de C. V. and the following wholly owned subsidiaries.*

   - Crisoba Industrial, S. A. de C. V., rents property, machinery and equipment and provides other services to Kimberly-Clark de México, S. A. B. de C. V.
   - Servicios Empresariales Során, S. A. de C. V. provides financing, operating lease of equipment and through its subsidiaries, distribution and other services to Kimberly-Clark de México, S. A. B. de C. V.
   - Three subsidiaries, which comprise the feeding accessories business in Mexico and the United States, as well as the license for commercialization in Mexico of other Evenflo® trademark products.
   - Taxi Aéreo de México, S. A. provides air transportation services to personnel of Kimberly-Clark de México, S. A. B. de C. V. and its subsidiaries, as well as to the general public.
   - Other subsidiaries which operating lease of properties, mainly to different subsidiaries of Kimberly-Clark de México, S. A. B. de C. V.
   - Some subsidiaries which comprise liquid soap and antibacterial gel businesses and others.

   During December 2024, the non-controlling interest of one of its subsidiaries was acquired.

   Intercompany transactions and balances have been eliminated in these consolidated financial statements.

c. **Critical accounting judgments and key information for estimates**

In the application of the Entity's accounting policies, the management is required to make judgments, estimates and assumptions regarding the carrying amounts of consolidated financial statements' assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Review of accounting estimates are recognized in the period in which the estimate is revised or in the period of the revision and future periods if the revision affects both current and future periods (see Notes 4 through 8).

d. **Cash equivalents**

Consist of daily cash surplus investments, which are highly liquid investments and are easily convertible into cash and subject to low risk of changes in value.

e. **Financial assets**

Financial assets are recognized when the Entity becomes a party to the contractual provisions of the instruments.

- Loans and accounts receivable

  Accounts receivable, loans and other accounts receivable with fixed or determinable payments that are not quoted in an active market are classified as loans and accounts receivable. Loans and accounts receivable are measured at amortized cost using the effective interest method, less any impairment.

- Impairment of financial assets

  As regards the impairment of financial assets, IFRS 9 requires the use of an expected credit loss method. The expected credit loss method requires that the Entity recognize the probability of expected losses arising at each reporting date to reflect credit risk changes from the initial recognition of financial assets.

  In the case of accounts receivable, the carrying amount is reduced through the use of an allowance for doubtful account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

f. **Inventories**

Inventories are stated at the lower of cost and net realizable value. The costs, including an appropriate portion of indirect fixed and variable costs, are allocated to inventories by using the most appropriate method for the specific class of inventory; the majority are valued by the first-in first-out method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

g. **Leases**

The Entity as a lessee

Contracts with significant value and with a term greater than twelve months, which grant the Entity control of an asset are recognized as a right-of-use asset and a lease liability.

The right-of-use of the leased assets is initially calculated at cost and subsequently measured at cost less accumulated depreciation and impairment losses.

Lease liability is initially measured at the present value of the minimum lease payments.

The lease payments are distributed between the financial costs and the reduction of the lease obligations in order to reach a constant base on the remaining balance of the liability.

Financial costs are charged or credited directly to income, unless they can be directly attributable to qualifying assets, in which case they are capitalized in accordance with the Entity accounting policy for borrowing costs.

Rent increases directly associated with an index or rate will be considered to carry out a remeasurement of the right-of-use asset and the lease liability.

h. Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost. Depreciation is recorded in profit or loss and computed using the straight-line method, based on the estimated useful lives of the assets.

The estimated useful lives are reviewed at the end of each reporting period, and the effect of any changes in estimate is accounted for on a prospective basis.

Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Properties in the course of construction for production are carried at cost, less any recognized impairment loss. Depreciation of these assets, as well as in other property assets, commences when the assets are ready for their intended use.

i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be made ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

j. Intangibles

Intangible assets acquired separately - Are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized within administrative expenses in the consolidated statements of income on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life, residual value and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination - Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

k. Impairment of tangible and intangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 specific risks of the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset in prior years.

l. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are recognized in profit or loss as incurred. The consideration transferred in each business combination is measured at fair value; the identifiable assets acquired and the liabilities assumed are also measured at fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12, Income Taxes, and IAS 19, Employee Benefits, respectively.

There is a valuation period in which the acquirer adjusts the provisional amounts or recognizes additional assets or liabilities necessary to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The valuation period is the time elapsed from the acquisition date until the Entity obtains complete information on the facts and circumstances in effect at the acquisition date, which cannot exceed one year.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed at the acquisition date.

m. Goodwill

Goodwill arising from business acquisitions is carried at cost, as established at the acquisition date, less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating unit (or groups of cash-generating units) of the Entity, that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

n. Financial liabilities

Financial liabilities are recognized when the Entity becomes a party to the contractual provisions of the instruments.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognized immediately in results.

The fair value of debt is determined at the end of each accounting period, considering observable data although not from active market quotes. Such value is determined with a discounted cash flow model.

- Borrowings and trade payables

  Borrowings and trade payables are measured at amortized cost using the effective interest method.

  The effective interest method is a method for calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate a shorter period), to the net carrying amount on initial recognition.

- Derecognition of financial liabilities

  The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

o. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

- Current income tax

  Income tax (ISR) is recorded in results of the year in which it is incurred.

- Deferred income tax

  Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities included in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, applying the rate corresponding to these differences and, as appropriate, tax losses to be amortized or tax credits are included. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

  Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

- Current and deferred tax

  Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, income tax is also recognized in other comprehensive income or directly in equity, respectively, or in the case of the initial accounting for a business combination, within goodwill.

The Entity reviews whether there is any uncertain tax position, and if it exists, quantifies it using the most likely amount or the expected value method, depending on which one best predicts the resolution of the uncertainty.

p. Provisions

Provisions are recognized when the Entity has a present obligation (legal or assumed) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

q. Employee benefits

Employee benefits are determined based on the services provided, considering current salaries, and the liability is recognized as accrued. It includes statutory employee profit sharing (PTU) payable, fringe benefits earned by the employees for direct benefits and incentives. Benefits also include a compensation plan for officers and employees named "Plan de Asignación de Unidades Virtuales" (Virtual Shares Award Plan), for which compensation cost is recognized in profit or loss of each year. To meet this obligation, the Entity has established a trust.

PTU is recorded in profit or loss of the year in which it is incurred and is presented within cost of sales and administrative expenses line items, as applicable.

r. Retirement benefits

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the beginning and the end of each reporting period.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation, reduced by the fair value of plan assets.

Differences between actuarial valuation at the beginning and end of each period represent actuarial gains and losses of the year and they are presented within other comprehensive income.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

s. Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss and in other comprehensive income when it qualifies for cash flow hedge accounting.

According to the current IFRS 9, effectiveness testing has been replaced by the principle of an “economic relationship”, meaning that retrospectively evaluating hedge effectiveness is no longer necessary.

t. Revenue recognition for contracts with customers

Revenues represent the transfer of goods and services to customers for an amount that reflects the payment to which the Entity expects to be entitled in exchange for the provision of these goods or services, while considering the shift to a control approach.

These revenues are recognized by utilizing a five-step model:

1. Identify the contract executed with the customer
    a) The contract is approved, including the commitment of the parties.
    b) The payment terms can be identified.
    c) The Entity will be able to collect the payment to which it is entitled.
    d) The rights of each party can be identified.
    e) Commercial substance.
2. Identify the performance obligations detailed in the contract
    a) Identify all the promised goods and services and determine whether they can be differentiated.
3. Determine the transaction price
    a) Determine whether the payment is fixed or variable.
    b) Identify reductions like sales returns and rebates.
4. Assign the transaction price to the performance obligations.
5. Recognize revenues when each performance obligation is fulfilled.
    a) When the vendor’s performance generates an asset controlled by the customer.
    b) The customer receives and consumes the benefit generated by the vendor’s performance.
    c) When the vendor has the right to receive the payment.

u. Foreign currency transactions

The functional currency of the Entity is the Mexican peso.

Transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange rate differences are recognized in results of the period.

3. Cash and cash equivalents

Are composed as follows:

	2024	2023
Cash	$ 663,293	$ 508,813
Temporary cash investments	14,919,184	16,348,970
Restricted cash (see Note 15)	-	2,114,292
Total	$ 15,582,477	$ 18,972,075

4. Trade accounts receivable and others

	2024	2023
Trade	$ 9,483,855	$ 8,291,795
Allowance for rebates	(1,373,944)	(1,098,945)
Allowance for doubtful accounts	(272,753)	(211,780)
Net	7,837,158	6,981,070
Advance payments	99,892	35,990
Other	74,182	170,158
Total	$ 8,011,232	$ 7,187,218

Allowance for rebates:	2024	2023
Balance at January 1,	$ (1,098,945)	$ (784,938)
Increases	(11,190,353)	(10,420,163)
Applications	10,915,354	10,106,156
Balance at December 31,	$ (1,373,944)	$ (1,098,945)

The allowance for rebates is determined according to customer negotiations based on the fulfillment of conditions, such as: sales volumes, timeliness of orders, a product mix and compliance with the credit terms established, among others.

Based on the portfolio recovery history, the expected credit loss is insignificant; this amount has been recognized under accounts receivable according to the approach required by IFRS 9.

5. Inventories

	2024	2023
Finished goods	$ 1,498,027	$ 1,361,604
Work in process	342,025	351,870
Raw materials and spare parts	2,357,560	2,399,985
Total	$ 4,197,612	$ 4,113,459

6. Leases

a. Lease contacts that qualify for the application of this standard correspond to industrial buildings, warehouses and space for administrative offices.

		2024		2023
Right-of-use assets	$	1,858,953	$	1,926,421
Accumulated depreciation		(1,055,390)		(917,273)
Net	$	803,563	$	1,009,148

		Buildings
Right-of-use assets		
Balance at the beginning of 2023	$	1,854,776
Additions		153,419
Disposals		(81,774)
Balance at December 31, 2023		1,926,421
Additions		137,198
Disposals		(204,666)
Balance at December 31, 2024	$	1,858,953
Depreciation of right-of-use asset		
Balance at the beginning of 2023	$	(713,878)
Additions		(285,169)
Disposals		81,774
Balance at December 31, 2023		(917,273)
Additions		(299,713)
Disposals		161,596
Balance at December 31, 2024	$	(1,055,390)

b. The liabilities movements for these lease agreements were as follows:

Balance at the beginning of 2023	$	1,245,970
Additions		153,419
Payments		(346,374)
Interest paid		80,100
Exchange rate fluctuation - net		(49,348)
Balance at December 31, 2023		1,083,767
Additions		137,198
Cancelation		(47,769)
Payments		(366,685)
Interest paid		75,509
Exchange rate fluctuation - net		57,172
Balance at December 31, 2024		939,192
Short-term		(250,416)
Long-term	$	688,776

c. Maturity of long-term lease liabilities is as follows:

2026	$	194,611
2027		148,912
2028		159,769
2029		162,859
Thereafter		22,625
	$	688,776

d. During the years 2024 and 2023, an amount of $67,582 and $48,893 was charged to operating expenses for operating lease contracts with a term less than one year and $2,404 and $2,079 correspond to contracts where the underlying asset has a low value, respectively.

7. Property, plant and equipment

	2024	2023
Depreciable fixed assets	$ 48,909,398	$ 46,463,683
Accumulated depreciation	(32,263,206)	(30,905,328)
Net	16,646,192	15,558,355
Land	741,814	741,814
Construction in progress	1,453,639	1,624,470
Total	$ 18,841,645	$ 17,924,639

At December 31, 2024 and 2023, the amount of unamortized capitalized borrowing costs amounted to $178,698 and $180,385, respectively.

	Buildings	Machinery and equipment	Transportation equipment	Total
Depreciable fixed assets				
Balance at the beginning of 2023	$ 6,602,734	$ 37,761,989	$ 1,110,843	$ 45,475,566
Additions	320,535	1,505,590	32,530	1,858,655
Disposals	(646)	(850,847)	(19,045)	(870,538)
Balance at December 31, 2023	6,922,623	38,416,732	1,124,328	46,463,683
Additions	224,808	1,992,884	511,013	2,728,705
Disposals	(46,924)	(174,381)	(61,685)	(282,990)
Balance at December 31, 2024	$ 7,100,507	$ 40,235,235	$ 1,573,656	$ 48,909,398

	Buildings	Machinery and equipment	Transportation equipment	Total
Accumulated depreciation				
Balance at the beginning of 2023	$ (3,520,999)	$ (26,009,690)	$ (717,059)	$ (30,247,748)
Additions	(188,332)	(1,277,831)	(54,183)	(1,520,346)
Disposals	646	846,827	15,293	862,766
Balance at December 31, 2023	(3,708,685)	(26,440,694)	(755,949)	(30,905,328)
Additions	(228,540)	(1,315,523)	(75,686)	(1,619,749)
Disposals	46,924	159,960	54,987	261,871
Balance at December 31, 2024	$ (3,890,301)	$ (27,596,257)	$ (776,648)	$ (32,263,206)

The following average useful lives are used in the calculation of depreciation:

Buildings	45 years
Machinery and equipment	15 to 25 years
Transportation equipment	8 and 20 years

8. Intangibles and other assets

	2024	2023
Trademarks and licenses	$ 1,774,082	$ 1,842,798
Patents and permits	25,636	25,636
Customer relationships	583,441	583,441
	2,383,159	2,451,875
Accumulated amortization	(1,296,424)	(1,236,928)
Trademarks and licenses with indefinite life	374,372	374,372
Total intangibles	1,461,107	1,589,319
Other assets	25,293	25,578
Total	$ 1,486,400	$ 1,614,897

	Trademarks and licenses	Patents and permits	Customer relationships	Total
Cost				
Balance at the beginning of 2023	$ 1,842,598	$ 25,636	$ 583,441	$ 2,451,675
Additions	200	-	-	200
Balance at December 31, 2023	1,842,798	25,636	583,441	2,451,875
Disposals	(68,716)	-	-	(68,716)
Balance at December 31, 2024	$ 1,774,082	$ 25,636	$ 583,441	$ 2,383,159
Accumulated amortization				
Balance at the beginning of 2023	$ (740,208)	$ (19,279)	$ (298,436)	$ (1,057,923)
Additions	(149,845)	(1,770)	(27,390)	(179,005)
Balance at December 31, 2023	(890,053)	(21,049)	(325,826)	(1,236,928)
Additions	(99,052)	(1,770)	(27,390)	(128,212)
Disposals	68,716	-	-	68,716
Balance at December 31, 2024	$ (920,389)	$ (22,819)	$ (353,216)	$ (1,296,424)

The useful lives used for calculating amortization are:

Trademarks and licenses	10, 15 and 20 years
Patents and permits	15 years
Customer relationship	15 and 25 years

9. Goodwill

Feeding accessories business	$ 582,771
Liquid soap, antibacterial gel and other products business	351,450
Total	$ 934,221

The recoverable amounts of these cash generating units are determined by calculating their usage value, which utilizes cash flow projections based on the financial budgets approved by management for a five-year period and with an annual discount rate.

The following discount rates were utilized for the feeding accessories business: 17% for 2024 and 16.5% for 2023 for the domestic portion; and, in the case of the foreign portion, 10% and 11% for 2024 and 2023, respectively.

The following discount rates were utilized for liquid soap business: 17% and 16.5% for 2024 and 2023, respectively.

Based on the work it performed, the Entity concluded that there were no impairment.

10. Long-term debt

	2024	2023
Notes denominated as global bonds issued for USD$250 million, unsecured, bearing interest at a fixed net annual rate of 3.8%.	$ -	$ 4,242,500
Notes denominated as global bonds issued for USD$250 million, unsecured, bearing interest at a fixed net annual rate of 3.25%.	5,220,000	4,242,500
Credit contract with Citi México, denominated in Mexican pesos, unsecured, bearing interest based on the 28-day Mexican Interbank Equilibrium rate TIIE plus 50 credit spreads. As of December 31, 2024, the annual rate is 10.9375%.	1,500,00	1,500,000
Notes denominated as global bonds issued for USD$500 million, unsecured, bearing interest at a fixed net annual rate of 2.431%.	10,440,000	8,485,000
Marketable notes denominated in Mexican pesos, unsecured, bearing interest based on the 28-day Mexican Interbank Equilibrium rate TIIE plus 7 credit spreads. As of December 31, 2024, the annual rate is 10.51%.	2,250,000	2,250,000
Marketable notes denominated in Mexican pesos, unsecured, bearing interest at fixed annual rate of 9.30%.	7,750,000	7,750,000
Total	27,160,000	28,470,000
Current portion	(5,220,000)	(4,242,500)
Expenses on debt issuance	(69,717)	(65,861)
Long-term debt	$ 21,870,283	$ 24,161,639

Long-term debt agreements contain certain covenants that do not include financial restrictions. Such obligations have been complied.

Long-term debt matures as follows:

2026	$ 1,500,000
2027	2,250,000
2029	3,479,986
2030	3,480,007
2031	3,480,007
2032	2,583,075
2033	2,583,075
2034	2,583,850
	$ 21,940,000

Considering the interest rates, exchange rates and the debt in effect as of December 31, 2024, maturity of interest is an average of $1,275 million Mexican pesos in 2025 to 2027, an average of $898 million Mexican pesos in 2028 to 2031 and an average of $378 million Mexican pesos from 2032 to 2034.

As of December 31, 2024 and 2023, the fair value of debt approximates its carrying value.

11. Other accounts payable, accrued liabilities and provisions

Are composed as follows:

		2024		2023
Provisions	$	566,728	$	505,949
Derivative financial instruments (see Note 15)		-		49,967
Value added tax, withholdings and taxes other than income tax		747,240		817,176
Other accrued services		1,656,091		1,610,516
Total	$	2,970,059	$	2,983,608

Provisions are composed as follows:

		2024		2023
Promotion	$	220,426	$	208,660
Freight		346,302		297,289
Total	$	566,728	$	505,949

		Promotion		Freight		Total
Balance at the beginning of 2023	$	213,917	$	162,215	$	376,132
Increases		606,595		3,403,284		4,009,879
Applications		(611,852)		(3,268,210)		(3,880,062)
Balance at December 31, 2023		208,660		297,289		505,949
Increases		626,961		3,796,764		4,423,725
Applications		(615,195)		(3,747,751)		(4,362,946)
Balance at December 31, 2024	$	220,426	$	346,302	$	566,728

12. Income taxes

The statutory income tax rate is 30% for the years 2024 and 2023.

a. Income taxes recognized in profit or loss

		2024		2023
Current	$	3,716,010	$	3,588,608
Deferred		(7,201)		(213,101)
Total income taxes	$	3,708,809	$	3,375,507

b. Reconciliation between the statutory rate and the effective rate expressed as a percentage of income before income taxes is as follows:

	2024 Rate %	2023 Rate %
Statutory rate	30.0	30.0
Effects of inflation	.9	.4
Non-deductible items	1.2	2.1
Effective rate	32.1	32.5

c. Annual deferred income tax recognized in other comprehensive income:

		2024		2023
Due to valuation of derivative financial instruments	$	36,601	$	78,309
Due to actuarial loss (gain)		51,846		(19,399)
Total	$	88,447	$	58,910

d. Deferred tax in the statement of financial position

The main items comprising the balance of the deferred tax asset as of December 31 are:

	2024	2023
Property, plant and equipment	$ 471,700	$ 408,929
Intangibles arising from business combination	6,405	6,711
Inventories	34,556	32,613
Loss carryforwards	(113,571)	(112,510)
Other liabilities and provisions	(1,092,567)	(956,535)
Derivative financial instruments	(26,321)	10,280
Total asset	$ (719,798)	$ (610,512)

13. Retirement benefits

The liability and the annual cost for labor obligations derive from a pension plan for qualifying personnel, retirement severance payments and legal seniority premium.

The present value of the obligations for defined benefits and the annual cost are calculated by an independent actuary based on the projected unit credit method. To meet this obligation, the Entity has established administration funds that are balanced between fixed and variable rates with a moderate risk.

Relevant information regarding these obligations is as follows:

	2024	2023
Projected benefit obligation	$ 1,188,252	$ 971,195
Plan assets	(728,046)	(707,890)
Net liability	460,206	263,305
Annual cost	$ 73,711	$ 80,777

The main assumptions used for actuarial valuations purposes are as follows:

	2024 %	2023 %
Discount rate	9.75	9.35
Expected return on plan assets	9.75	9.35
Expected rate of salary increase	4.50	4.50

As of December 31, 2024 and 2023, employee benefits expense totaled $5,254 and $4,974 million, respectively.

14. Risks

a. Liquidity risk

The Entity's liquidity risk is limited as it has a healthy cash flow profile due to its diversified sales, which are made to customers and distributors with solvent financial positions. As of December 31, 2024, considering the profile of the Entity's debt it believes it has enough cash on hand to mitigate the negative effects of any potential external event which could temporarily result in a liquidity reduction and impact the Entity's ability to meet its short-term obligations.

In accordance with the amendments to *IFRS 7 Financial Instruments*: *Disclosures and IAS 7 Statement of Cash Flows*, the Entity has established financing arrangements with banks for its suppliers to receive early settlement. The related liability is presented within trade accounts payable and as of December 31, 2024, it represents 19.3% of such balance, with 100% of the maturating within one year. Related cash flows are included within the operating activities section in the consolidated statement of cash flows.

When the Entity acquires debt, it seeks to ensure staggered maturities to further mitigate the liquidity risk. The profile of future maturities as of December 31, 2024 is spaced out over ten years and no maturities in any one year represent more than 25% of the total debt. None of the Entity's annual maturities under its current debt profile exceeds the flow derived from the net cash flow provided by operating activities as of December 31, 2024.

The Entity maintains sound relations with different financial institutions and considers that it has access to different types of financing through loans in Mexico or abroad, whether directly with such institutions or through the capital markets. For such purpose the Entity permanently maintains ratings of the Standard & Poor's and Fitch Ratings agencies for debt both in pesos and in foreign currency. As of December 31, 2024, debt ratings by Standard & Poor's were "AAA" in pesos and "A-" in U.S. dollars, whereas those of Fitch Ratings were "AAA" in pesos and "A" in U.S. dollars. In all cases, these ratings are at least two notches above investment-grade.

b. Market risk

- Exchange rate

The purchases which the Entity makes in foreign currency are greater than sales in foreign currency. This is reflected in the fact that accounts payable in foreign currency exceed accounts receivable, resulting in a liability position which is subject to exchange rate fluctuations. To reduce the exchange rate risk for the exposed position, the Entity keeps part of its cash in U.S. dollars. The foreign currency position is presented in Note 17.

Furthermore, the prices of a significant portion of the inputs that the Entity utilizes in its production processes are established in foreign currency or tend to be adjusted for exchange rate movements. To mitigate this risk, an export business is maintained. Also, the financial derivatives markets are continually analyzed to seek opportunities to mitigate these risks. Export sales in the year 2024 were $4,962 million Mexican pesos and it is estimated that the purchases of those inputs whose prices fluctuate due to changes in the exchange rate represent about 60% of its costs.

To reduce exchange rate risk, Entity entered into derivative financial instruments denominated cross currency swaps (CCS) the same year that U.S. dollar denominated debt was contracted.

- Interest rates

As of December 31, 2024, 86% of the debt was at a fixed rate and 14% at a variable rate. To reduce the risk of interest rate variations, the Entity entered into derivative financial instruments denominated "interest rate swaps" with the aim to change 92% of the debt into a fixed rate.

- Other pricing risks

The main pricing risk is related with movements in cellulose prices and recycling fibers. To reduce this risk, the Entity has different strategies in place such as paper-recycling plants. Approximately 60% of the cellulose consumed by the Entity during 2024 was recycled fiber. Other strategies include the utilization of different types of fiber and different suppliers, as well as sourcing from different geographical regions and some cases contract signing. The Entity believes that no efficient financial hedge market exists for cellulose.

Another pricing risk derives from the price of natural gas as a result of the Entity's consumption of this input in its processes, as well as its impact on the prices of electricity. The prices of gas are monitored and hedging options are constantly analyzed. During 2024, the Entity maintained five future contracts to hedge the price of part of the natural gas it consumes. As of December 31, maturity of those contracts had concluded (see Note 15).

15. Derivative financial instruments

		2024		2023
Derivative financial instruments assets				
Cross currency swaps (CCS)	$	1,481,110	$	1,447,516
Interest rate swaps (IRS)		51,389		105,239
		1,532,499		1,552,755
Current portion		(1,503,682)		(939,740)
Long term portion	$	28,817	$	613,015
Derivative financial instruments liabilities				
Cross currency swaps		1,189,163		2,963,131
Interest rate swaps		-		65,691
Futures		-		49,967
		1,189,163		3,078,789
Current portion (see note 11)		-		(49,967)
Long term portion	$	1,189,163	$	3,028,822

a. Cross currency swaps

In order to reduce its exposure to exchange rate fluctuations and interest rate from its U.S. dollar-denominated debt, Entity entered into cross currency swaps contracts. Such instruments as of December 31, 2024 and 2023 convert U.S. dollar-denominated for 750 and 1,000 million of debt into $14,947 and $18,253.3 million of Mexican pesos, respectively.

As the due dates of principal and interest are the same as the debt, these financial instruments were designated as hedges; those that convert to fixed rate in pesos, are recorded as a cash flow hedge and those that convert to variable rate in pesos are recorded as a fair value hedge. In both cases the effects in consolidated statement of income are recorded as the exchange rate of the hedged item fluctuates.

According to hedge accounting, interest rate swap contracts cover, in aggregate manner, the risk exposure derived from the variable interest rate contracts recorded as fair value hedges. Therefore, all contracts are recorded as cash flow hedging.

The favorable (unfavorable) effect of cash flow hedge that were reclassified to net income were $1,980,827 and $(3,516,752) for the 2024 and 2023 years, respectively, which complement the exchange effect and the contracted interest, which correspond to the hedged item.

According to the terms and conditions signed in the contracts, when the valuation that represents a liability for the Entity exceeds 50 million dollars, the excess value must be guaranteed. As of December 31, 2024, no deposit was required; however, as of December 31, 2023, a deposit of 124.6 million dollars was maintained (see Note 3).

b. Interest rate swaps

In order to reduce rate volatility the Entity contracted interest rate swaps to convert fixed interest rate to variable rate loans.

Additionally the Entity maintains investments in variable interest rates based on the 28-day Mexican Interbank Equilibrium rate TIIE and Federal Treasury Certificates CETES, which convert to a fixed rate through the contracting of interest rate swaps.

All interest rate swap contracts where interest at the variable rate is exchanged for interest at a fixed rate are designated as cash flow hedges to reduce the exposure of the Entity's cash flow derived from the variable interest rates on loans or the investments hedged. The interest rate swaps and the interest payments on the loan or the interest collected on the investment take place simultaneously and the accumulated amount in other comprehensive income within stockholders' equity is reclassified to consolidated statement of income in the period in which the interest payments at the variable rate on the debt or variable rate interest collections on investments affect results.

The (unfavorable) effect of these contracts for $(13,911) and $(84,372) for the 2024 and 2023 years, respectively, is presented in results as part of borrowing costs.

c. Futures

The Entity contracts futures with the aim to hedge the risk to its exposure to exchange rate fluctuations from a part of the purchases of raw materials as well as a part of the price of the natural gas it consumes, which concluded on December 31, 2024.

The (unfavorable) effect of these contracts for $(73,329) and $(386,776) for the 2024 and 2023 years, respectively, is presented in results in the cost of production that is the same line where the protected item is presented.

At December 31, the fair value of the contracts are as follows:

Assets (liabilities)	2024	2023
CCS (6 contracts) 2014 maturity in 2024	$ -	$ 931,952
CCS (2 contracts) 2015 maturity in 2025	1,481,110	515,564
CCS 2020 maturity in 2029	(381,922)	(984,933)
CCS 2020 maturity in 2030	(398,376)	(988,023)
CCS 2020 maturity in 2031	(408,865)	(990,175)
IRS 2018 maturity in 2024	-	7,469
IRS 2018 maturity in 2025	9,834	54,863
IRS 2018 maturity in 2026	28,817	42,588
IRS (2 contracts) 2022 maturity in 2024	-	319
IRS (2 contracts) 2022 maturity in 2025	12,738	(65,691)
Price of natural gas futures (5 contracts) 2023 maturity in 2024	-	(49,967)

Determination of fair value of those instruments includes estimations over future currency exchange rates and interest rates, as well as the counterparty credit risk and were the measured using present value of future net cash flows taking into consideration forward interest rates, forward exchange rates and rates of the contracts, which is considered a level 2 measure in the fair value categories.

16. Stockholder´s equity

As of December 31, 2024 and 2023, common stock consists of nominative common shares with no par value, as follows:

	Shares			
	2024	%	2023	%
Serie “A”	1,583,182,573	52	1,600,738,673	52
Serie “B”	1,460,394,837	48	1,474,393,925	48
Total	3,043,577,410	100	3,075,132,598	100

In accordance with the Entity’s by-laws, Series “A” shares must represent, at a minimum, 52% of common stock outstanding and must be owned by Mexican investors.

As part of the program for the repurchase of the Company’s own shares approved annually by the stockholders, during the year ended December 31, 2024, 31,555,188 shares, were repurchased.

In accordance with the Mexican income tax law, total stockholders’ equity, except for stockholders’ contributions and their related tax restatement, as well as retained earnings determined based on the provisions of such law, is subject to a dividend tax, payable by the Entity, in the event of distribution. As of December 31, 2024, the balances of the stockholders’ equity tax accounts are represented by contributed capital account of $32,597,000 and the net tax income account that started in 2014 for $49,222,000.

During the years ended December 31, 2024 and 2023, the Entity paid dividends for $5,719,747 and $4,981,715, respectively. If such dividends had not been paid, stockholders’ equity have been increased by $10,701,462 and $4,981,715, as of such dates.

The Entity is not subject to any external requirement related to the management of its equity.

17. Foreign currency balances and transactions

Assets and liabilities include monetary items receivable or payable in foreign currencies. Such items, denominated in thousands of U.S. dollars, consist of the following:

	2024	2023
Monetary assets	$ 300,187	$ 300,382
Monetary liabilities (see Note 15)	1,017,952	1,252,777

Exchange rates used to value such balances were $20.88 in 2024 and $16.97 Mexican pesos per one U.S. dollar in 2023.

Transactions denominated in thousands of U.S. dollars were as follows:

	2024	2023
Export sales	$ 271,940	$ 265,045
Purchases of raw materials, spare parts and services	794,016	771,590
Purchases of machinery and equipment	70,713	46,548

18. Related parties

For the years ended December 31, the Entity had the following transactions and balances with related parties:

	2024	2023
Kimberly-Clark Corporation:		
Purchases and technical services	$ 2,266,729	$ 1,996,000
Machinery and equipment	112,744	75,427
Net sales and others	2,272,420	1,810,969
Trade accounts payable	393,007	376,420
Trade accounts receivable	464,527	410,003

Other - As of December 31, 2024 and 2023, employee benefits granted to Entity's key senior management were $320,026 and $275,050, respectively.

19. Business segment information

IFRS 8, Operating Segments, requires that the operating segments be identified based on internal reports on the Entity's components.

Consumer products segment indicates that final use of the articles we commercialized are primarily intended for home.

Professional segment indicates that commercialization of products is oriented toward organizations like hotels, restaurants, offices and factories.

Information corresponding to each business segment, based on a managerial approach is as follows:

	2024			
	Consumer Products	Professional	Exports	Total
Net sales	$ 44,563,300	$ 5,256,658	$ 4,962,293	$ 54,782,251
Operating profit	11,495,457	1,080,163	271,258	12,846,878
Depreciation and amortization	1,777,280	148,156	122,237	2,047,673
Total assets	42,389,075	5,000,188	4,720,185	52,109,447

	2023			
	Consumer Products	Professional	Exports	Total
Net sales	$ 43,522,887	$ 5,043,514	$ 4,740,767	$ 53,307,168
Operating profit	10,762,805	985,745	183,826	11,932,376
Depreciation and amortization	1,723,846	138,223	122,451	1,984,520
Total assets	44,022,358	5,101,394	4,795,172	53,918,924

20. Commitments

At December 31, the Entity held the following commitments:

	2024	2023
Acquisition of machinery, equipment and construction projects	$ 1,238,038	$ 1,088,613
Acquisition of raw materials, spare parts and other	523,313	607,556

Commitments for the acquisition of machinery, equipment and raw materials are mainly denominated in U.S. dollars.

21. Adoption of International Financial Reporting Standards ("IFRS or IAS") new and revised

The International Sustainability Board (ISSB) has issued two IFRS which took effect as of January 1, 2024 as follows:

- -IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information.
- -IFRS S2 Climate-related Disclosures.

Objective of both standards is to require an entity to disclose information about its sustainability and climate-related risks and opportunities that is useful to financial information users. Such information must cover the same period as the related financial statements.

In Mexico, the National Banking and Securities Commission (CNBV) published specific rules in the Official Journal of the Federation on January 28, 2025, with an effective date starting from January 1, 2025, and a submission deadline of April 30, 2026.

The Entity does not expect material effects in its consolidated financial statements as a result of the adoption of these standards.

22. Authorization of issuance of financial statements

On February 11, 2025, the issuance of these consolidated financial statements was authorized by Mr. Pablo R. González Guajardo, General Director, and Mr. Xavier Cortés Lascurain, Finance Director. These consolidated financial statements are subject to the approval of the Board of Directors and the Stockholders' Ordinary Meeting.

Trade Markets

Bolsa Mexicana
Mexican Stock Exchange (BMV), Mexico.
The United States (OTC ADRs)
Types of shares:
Serie A
Serie B
Ticker:
BMV: KIMBER

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