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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders' of Grupo Lamosa, S. A. B. de C.V and Subsidiaries

Opinion

We have audited the consolidated financial statements of Grupo Lamosa, S. A. B. de C. V. and Subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of other comprehensive income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, that include information on material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all the material respects, the consolidated financial position of Grupo Lamosa, S. A. B. de C. V. and Subsidiaries 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 ("ISA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and with the Ethics Code 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 IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key Audit Matters

Key audit maters are those matters that, in our professional judgment, have been of the greatest significance in our audit of the consolidated financial statements for the current period. These matters have been addressed in the context of our audit of the consolidated financial statements as a whole and in the formation of our opinion thereon, and we do not express a separate opinion on those matters. We have determined that the issues described below are the key audit issues that should be reported in our report.

Evaluation of impairment tests applied to brands with an undefined useful life and goodwill

As described in Notes 4f., 4g. and 13 to the consolidated financial statements, the Company applies annual impairment tests to its intangible assets with an indefinite useful life and goodwill. The Company utilizes the "Discounted cash flows" ("DCF") valuation method with a revenue approach, which requires the Company's Management to utilize significant estimates and assumptions involving the selection of discount rates, future revenue forecasts, financial projections, cash flows, operating margins and profits to estimate the recovery value of cash generating units ("CGUs"). Changes to these assumptions could have a significant effect on their value and the amount of any impairment charge, or both. As of December 31, 2024, the balance presented in the Company's consolidated financial statements is composed by brands with an indefinite useful life of $6,258,957 thousand Mexican pesos and goodwill of $4,795,691 thousand Mexican pesos.

We have identified brands with an indefinite useful life and goodwill as a key audit matter, mainly because impairment testing requires the Management use of judgments and significant estimates to estimate the recovery value of the CGUs, which required the auditor to utilize a high level of judgment, together with an increased audit effort, including the need to involve our fair value expert specialists.

We applied the following audit procedures based on the significant assumptions considered by the Company in estimating future projections to evaluate the recoverable value of brands with an indefinite useful life and goodwill, as follows:

- We evaluated the design and implementation of internal controls to determine the value-in-use of CGUs.
- We verified that the models applied to determine the recovery value of assets consisted of methods that are utilized and recognized for the valuation of assets with similar characteristics.
- We evaluated the factors and variables utilized to identify CGUs, including: the analysis of operating cash flows and indebtedness policies, the analysis of its legal structure, production allocation and an understanding of the operation of the commercial and sales area.
- We reviewed and compared financial projections against performance and historical trends of the business and determined whether these projections were consistent with the budgets approved by the Board of Directors.
- We analyzed the projection methodology and assumptions utilized in the impairment model, specifically including projections of cash flows, operating margins, earnings before interest, taxes, depreciation and amortization ("EBITDA") and long-term growth. We tested for mathematical accuracy, completeness and precision of the impairment model. Fair value specialists performed a sensitivity analysis for all CGUs and an independent recovery value calculations to ascertain whether the assumptions utilized should be modified and the probability of these modifications arising.
- Specialist performed an independent evaluation of the discount rates utilized which were compared against the discount rates used by management.
- We tested and discussed the sensitivity calculations performed for the relevant assumptions utilized in all the CGUs with management.
- We compared the book values of the CGUs on which goodwill testing was based to observe completeness of long-lived assets included.

The results of our procedures were satisfactory, and we agree with the determination of the recovery value of the CGUs and the appropriateness of the assumptions.

- **Business combination - Acquisition and allocation of the purchase price of "Baldocer"**
  As mentioned in Note 2a., to the consolidated financial statements, the Company finalized the acquisition of all the shares representing the common stock and equity of Baldocer S. A. U., Azulejos Benadresa S. A. U., and Dilmun Empresarial, S. L. U., held by Mavdi Inversiones y Desarrollos, S. L. (together, "Baldocer") whose main business activity is ceramic and porcelain coatings for floors and walls in Spain through the design, manufacture, distribution, marketing and/or sale of ceramic and porcelain wall tiles. The total consideration, free of debt and net of the cash acquired, amounted to $8,147,866 thousand (€426 million). The acquisition of Baldocer was covered by two payments, the first for $6,767,244 thousand (equivalent to €355 million euros) at the time of closing of the transaction, and the second payment in 2025 for an amount of no less than $1,353,396 thousand (equivalent to €71 million euros), an amount that could vary depending on Baldocer's results in that period.

  The fair values of the assets acquired, and liabilities assumed determined and recognized at the date of acquisition amounted to Ps. 6,920,536 thousand and Ps. 1,739,571 thousand, respectively. In addition, a goodwill of Ps. 2,811,995 thousand was recognized.

  Due to the significant judgments employed by management in the valuation models for determining the fair values of assets acquired and liabilities assumed, we engaged our valuation specialists to evaluate the assumptions and criteria used by management and its independent expert and performed the following procedures:

- We reviewed the transaction's contractual agreements to identify the date of acquisition of control, the consideration transferred, the acquired entity and the acquiring entity, contingent considerations, among other agreements.
- We evaluated the design and implementation of internal controls over business acquisition.
- We evaluated the capacity and independence of the independent expert.
- We analyzed the methodology and projection assumptions used in determining fair values to ensure they were consistent with those used to value assets of similar characteristics in the industry.
- We challenged management's financial projections and compared them to the Company's historical business performance and trends.
- We reviewed the most relevant valuation assumptions (discount rate, assumptions for the valuation of intangibles, as well as the determination of the useful life of property, plant and equipment), and compared them with independent market sources.
- We reviewed compliance with the presentation and disclosure requirements established by IFRS 3.

The results of our procedures were satisfactory.

Information other than the Consolidated Financial Statements and Independent Auditors' Report there on

The Company's Management is responsible for the other information. The other information will include the information that will be incorporated in the Annual Report that the Company must prepare pursuant to Article 33, Section I, Subsection b) of the Fourth Title, First Chapter of the General Provisions Applicable to Issuers and other Participants in the Mexican Stock Exchange and the Instructions attached to these provisions (the Provisions). The Annual Report will be available for our reading after the date of this audit report.

Our opinion on the consolidated financial statements will not cover the other information, and we will not express any form of assurance about it.

In relation with our audit of the consolidated financial statements, our responsibility will be to read the Annual Report, when available, and when we do so, to consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or it appears to contain a material error. When we read the Annual Report, we will issue the legend on the reading of the annual report required by Article 33, Section I, Subsection b), number 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 accompanying consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines it is necessary to enable the preparation of the 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 that users make based on the consolidated financial statements.

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

- Identify and asses 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 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 and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of the 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, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors´ report. However, future events or conditions may cause the Company 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, quantitatively and qualitatively, in a manner that achieves fair presentation.

- We plan and perform the group audit to obtained sufficient audit evidence related to the financial information of the entities or the business units within the Group to express an opinion on the Company's financial statements. We are responsible for the direction, supervision and review of the work carried out for the purposes of the Group's 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 the audit.

We also provide those charged with governance with a statement that we have complied with applicable ethical requirements regarding independence and have communicated with them about all relationships and other matters that may reasonably be expected to affect our independence and, where applicable, the related safeguards.

Among the matters that have been the subject of communications with those charged with governance of the Company, we determined that they have been of the greatest significance to the audit of the consolidated financial statements for the current period and are, therefore, key audit matters. We describe those matters in this audit report, unless the law or regulation prohibits public disclosure of the matter or, in extremely rare circumstances, we determine that a matter should not be communicated in our report because it can reasonably be expected that the adverse consequences of doing so would outweigh the public interest benefits of the matter.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Affiliated of a Member Firm of Deloitte Touche Tohmatsu Limited

C. P. C. Simón Fraige Salazar
January 31, 2025

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2024 AND 2023
(IN THOUSANDS OF MEXICAN PESOS)

	Notes	2024	2023
Assets			
Current assets:			
Cash and cash equivalents	7	$ 694,574	$ 1,280,236
Accounts receivable, net	8	5,478,372	5,144,678
Inventories	9	5,906,926	5,103,887
Supplier advances and sundry creditors		284,889	583,096
Other current assets	10	1,362,509	554,384
Current assets		13,727,270	12,666,281
Real estate inventories	11	92,915	85,317
Property, plant and equipment, net	12	18,335,673	17,309,145
Right-of-use assets, net	17	1,005,648	749,302
Intangible assets, net	13	12,422,747	11,341,573
Deferred income taxes	23	1,080,994	976,921
Derivative financial instruments	6	148,577	29,797
Other non-current assets	14	331,452	658,122
Total assets		$ 47,145,276	$ 43,816,458

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2024 AND 2023
(IN THOUSANDS OF MEXICAN PESOS)

	Notes	2024	2023
Liabilities and stockholders' equity			
Current liabilities:			
Current portion of long-term debt	16	$ 1,414,368	$ 1,449,863
Current portion of lease liability	17	178,356	156,159
Trade accounts payable		3,030,163	2,961,410
Sundry creditors		1,321,359	988,961
Income taxes	23	-	36,835
Other current liabilities	15	2,254,020	2,430,302
Contingent consideration	2	1,396,298	-
Current liabilities		9,594,564	8,023,530
Long-term debt	16	14,920,043	14,345,923
Finance leases	17	905,420	663,939
Employee benefits	18	771,573	734,968
Provisions	25	210,260	131,569
Deferred income taxes	23	2,493,722	2,468,961
Derivative financial instruments	6	94,092	-
Contingent consideration	2	-	1,322,819
Total liabilities		28,989,674	27,691,709
Stockholders' equity:			
Capital stock	19	203,053	203,053
Repurchase of treasury stocks	19	(2,715,760)	(2,376,985)
Additional paid-in-capital	19	139,386	139,386
Retained earnings		21,069,728	21,559,612
Other comprehensive loss items	6 and 18	(540,805)	(3,400,317)
Stockholders' equity		18,155,602	16,124,749
Total liabilities and stockholders' equity		$ 47,145,276	$ 43,816,458

See accompanying notes to these consolidated financial statements.

Federico Toussaint Elosúa
Chief Executive Officer

Jorge Antonio Touché Zambrano
Chief Financial Officer

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

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(IN THOUSANDS OF MEXICAN PESOS, EXCEPT FOR THE EARNING PER SHARE, WHICH IS IN MEXICAN PESOS)

	Notes		2024		2023
Net sales 26		$	33,945,445	$	31,571,854
Cost and expenses:					
Cost of sales	21		19,908,343		18,251,440
Operating expenses	20 and 21		9,146,409		8,260,417
Other operating expenses, net			368,352		128,253
			29,423,104		26,640,110
Operating income			4,522,341		4,931,744
Interest expense			1,478,648		975,934
Interest income			(169,780)		(471,796)
Hyperinflation effects on net monetary position			174,942		150,505
Exchange loss (gain), net			2,402,803		(702,755)
(Gain) loss on valuation of derivative financial instruments	6		(65,491)		27,929
			3,821,122		(20,183)
Income before income taxes			701,219		4,951,927
Income taxes	23		569,889		1,701,353
Net income of the year		$	131,330	$	3,250,574
Earnings per basic and diluted share	4.o	$	0.38	$	9.33

See accompanying notes to these consolidated financial statements

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(IN THOUSANDS OF MEXICAN PESOS)

	Notes		2024		2023
Net income of the year		$	131,330	$	3,250,574
Other comprehensive income items:					
Items that can be potentially reclassified to net income of the year:					
Valuation of derivative financial instruments, net of taxes	23		(9,248)		(100,944)
Cumulative translation adjustments	19.h		2,881,971		(1,577,214)
			2,872,723		(1,678,158)
Item that cannot be reclassified to net income of the year:					
Actuarial remeasurements of defined benefits obligation	18 and 23		(13,211)		(24,086)
			(13,211)		(24,086)
Total other comprehensive items			2,859,512		(1,702,244)
Total comprehensive income of the year		$	2,990,842	$	1,548,330

See accompanying notes to these consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023.
(IN THOUSANDS OF MEXICAN PESOS)

	Notes	Capital stock	Repurchase of treasury stock	Additional paid-In capital	Retained earnings	Items of other comprehensive income: Valuation of derivative financial instruments	Items of other comprehensive income: Remeasurement of defined benefits obligations	Items of other comprehensive income: Cumulative translation adjustment	Total stockholders' equity
Balances as of January 1, 2023		$ 203,053	$ (1,588,547)	$ 139,386	$ 18,817,531	$ 243,113	$ (176,146)	$ (1,765,040)	$ 15,873,350
Dividends declared	19.d	-	-	-	(508,493)	-	-	-	(508,493)
Repurchase of treasury stocks	19.b	-	(788,438)	-	-	-	-	-	(788,438)
Comprehensive income	19.h	-	-	-	3,250,574	(100,944)	(24,086)	(1,577,214)	1,548,330
Balances as of December 31, 2023		203,053	(2,376,985)	139,386	21,559,612	142,169	(200,232)	(3,342,254)	16,124,749
Dividends declared	19.c	-	-	-	(621,214)	-	-	-	(621,214)
Repurchase of treasury stocks	19.b	-	(338,775)	-	-	-	-	-	(338,775)
Comprehensive income	19.h	-	-	-	131,330	(9,248)	(13,211)	2,881,971	2,990,842
Balances as of December 31, 2024		$ 203,053	$ (2,715,760)	$ 139,386	$ 21,069,728	$ 132,921	$ (213,443)	$ (460,283)	$ 18,155,602

See accompanying notes to these consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(IN THOUSANDS OF MEXICAN PESOS)

	Notes	2024	2023
Cash flows from operating activities:			
Income before income taxes		$ 701,219	$ 4,951,927
Adjustment for:			
Depreciation and amortization		1,559,835	1,149,933
Other expenses	26	455,122	422,710
Interest income		(169,780)	(471,796)
Interest expense		1,478,648	975,934
Derivative financial instruments		(65,491)	27,929
Hyperinflation effects on net monetary position		174,942	150,505
Exchange loss (gain), net		2,402,803	(702,755)
Impairment of property, plant and equipment	12	126,233	124,096
Inflationary effect		3,505	(291,483)
		6,667,036	6,337,000
Changes in working capital:			
(Increase) decrease in accounts receivable		(127,294)	539,520
(Increase) decrease in inventories		(626,715)	195,829
(Decrease) in trade accounts payable		(59,024)	(475,114)
(Decrease) in other current liabilities		(158,245)	(314,035)
Income taxes paid		(1,160,696)	(2,279,678)
Net cash flows generated by operating activities		4,535,062	4,003,522

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(IN THOUSANDS OF MEXICAN PESOS)

	Notes	2024	2023
Cash flows from investing activities:			
Acquisition of property, plant and equipment	26	(1,222,307)	(2,147,139)
Interest income		169,780	471,796
Acquisition of intangible assets	26	(59,481)	(35,733)
Net cash flows used in acquisition of subsidiaries		-	(6,767,244)
Net cash flows used in investing activities		(1,112,008)	(8,478,320)
Cash flows from financing activities:			
Bank loans		3,400,278	7,289,823
Payments for bank liabilities and finance lease liability		(4,814,219)	(1,444,665)
Interest paid		(1,621,346)	(868,960)
Purchase of treasury stock		(338,775)	(788,438)
Dividends paid		(585,914)	(479,950)
Net cash flows (used in) obtained from financing activities		(3,959,976)	3,707,810
Net decrease in cash and cash equivalents		(536,922)	(766,988)
Cash and cash equivalents at beginning of year		1,280,236	2,037,110
Effects from changes in cash value		(48,740)	10,114
Cash and cash equivalents at end of the year		$ 694,574	$ 1,280,236

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(IN THOUSANDS OF MEXICAN PESOS)

1. Activities

Grupo Lamosa, S.A.B. de C.V. and its subsidiaries (the "Company") are engaged in the manufacture and commercialization of ceramic and porcelain products for floor and wall coverings, and adhesive for ceramic tiles and manufacture expanded polystyrene. The Company's address is Avenida Pedro Ramírez Vázquez No. 200-1 Col. Valle Oriente C.P. 66269 San Pedro Garza García, Nuevo León, Mexico.

In the following notes to the consolidated financial statements, reference to Mexican pesos or "$", refers to thousands of Mexican pesos. Similarly, reference to "US$" refers to thousands of U.S. dollars and reference to "EUR", "€" or euros, refers to thousands of euros.

2. Relevant events

2024

a. **Acquisition of "Baldocer" –** On October 31, 2023, the Company finalized the acquisition of all the shares representing the common stock and equity of Baldocer S.A.U., Azulejos Benadresa S.A.U., and Dilmun Empresarial, S.L.U., held by Mavdi Inversiones y Desarrollos, S.L. (together, "Baldocer"). These companies have operations based in Spain and are mainly engaged in the design, manufacturing, distribution, marketing and/or sale of ceramic and porcelain tiles. The Company carried out this acquisition to continue strengthening its presence and leadership outside of Mexico, including the European continent.

   This acquisition classifies as a business combination according to the requirements of International Financial Reporting Standard (IFRS) 3, *Business combinations*, therefore, the acquisition method was applied to measure the acquired assets and the assumed liabilities in the transaction. The consideration of the acquisition, debt free and net of cash acquired, was paid in Euros for $8,147,866 thousand Mexican pesos (equal to €426 million). The acquisition of Baldocer was covered in two payments, the first for $6,767,244 thousand Mexican pesos (equal to €355 million) when the transaction was closed, and the second payment in 2025, for an amount not lower than $1,353,396 thousand Mexican pesos (equal to €71 million), which may vary based on the results of Baldocer during such term. Under the requirements of IFRS 3, the second payment was considered to be a contingent consideration; therefore, the valuation requirements established in IFRS 3 were applied, recognizing at fair value at the date of acquisition.

   The transaction did not imply the issuance of new common stock share certificates of Lamosa or any amendments to the current certificates or the Company's bylaws.

   The purchase price allocation was completed in 2024; therefore, the preliminary figures that were recognized in 2023 have been adjusted to reflect the fair values of the assets acquired and the liabilities assumed. In the purchase price allocation process, goodwill was adjusted by $401,253, resulting in final goodwill of $2,811,995.

Below are the preliminary values of the assets acquired and the liabilities assumed, condensed as of December 31, 2024:

	Preliminary figures	Adjustments	Final figures
Consideration transferred, net of cash received	$ 8,147,866	$ (154,906)	$ 7,992,960
Identifiable acquired assets and assumed liabilities:			
Current assets (1)	$ 2,907,511	$ 8,475	$ 2,915,986
Non-current assets	2,704,281	-	2,704,281
Intangible assets (2)	969,465	330,804	1,300,269
Total assets	**$ 6,581,257**	**$ 339,279**	**$ 6,920,536**
Current liabilities (3)	$ 843,555	$ 10,230	$ 853,785
Non-current liabilities (4)	803,084	82,702	885,786
Total liabilities	**$ 1,646,639**	**$ 92,932**	**$ 1,739,571**
Net of identifiable assets and liabilities	**$ 4,934,618**	**$ 246,347**	**$ 5,180,965**
Goodwill	**$ 3,213,248**	**$ (401,253)**	**$ 2,811,995**

(1) The adjustment to current assets is composed of $8,475 under other accounts receivable.
(2) The adjustment to intangible assets is composed of $(248,581) of trademarks and $579,385 of customer relations.
(3) The adjustment to current liabilities is composed of $10,230 in other accounts payable.
(4) The adjustment to non-current liabilities is composed of $82,702 of income taxes.

The main adjustments to the consolidated statement of financial position as of December 31, 2023, due to the purchase price allocation were as follows:

	Preliminary figures	Adjustments	Final figures
Intangible assets, net	$ 11,258,871	$ 82,702	$ 11,341,573
Deferred income taxes	1,059,623	(82,702)	976,921

The adjustments to the consolidated statement of income for the year ended December 31, 2023, were not significant.

Sales and net profit for the period from November 1, 2023 to December 31, 2023, contributed by the acquired business, were $556,378 and $77,467, respectively.

Had the acquisition of Baldocer been finalized on January 1, 2023, revenues would have increased by $2,921,792 (unaudited) and profit by $33,125 (unaudited).

The results of the operations acquired have been included in the accompanying consolidated financial statements from the acquisition date; therefore, the consolidated financial statements as of and for the year ended December 31, 2024 and 2023, are not comparable. The consolidated cash flow statement for the year ended December 31, 2024 and 2023, presents the disbursement for the acquisition of Baldocer under one item within investing activities, net of cash acquired.

3. Basis of presentation and consolidation

a. **Statement of compliance –** The consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards ("IFRS") and their amendments as issued by the International Accounting Standards Board ("IASB").

b. **Explanation for translation into English –** The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. Certain accounting practices applied by the Company that conform with IFRS may not conform with accounting principles generally accepted in the country of use.

c. **Application of new or revised IFRS which are mandatory for the present or prior years and/or are not yet effective.**

i. New IFRS and changes adopted

In the current year, the Company has applied a number of amendments to IFRS issued by the IASB that are mandatorily effective for an accounting period that begins on or after January 1, 2024. The conclusions related to their adoption are described as follows:

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback Transaction

In September 2022, the IASB issued amendments to IFRS 16, adding subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of IFRS 15, *Revenues from contracts with customers*, to be accounted for as a sale. The amendments require that the seller-lessee to determine "lease payments" or "expected lease payments" such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability applying the general requirements in IFRS 16. This could have been the case for leaseback sales which include variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16, and added a new example to illustrate the subsequent measurement of a right-of-use asset and a lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that a liability arising from a sale and leaseback transaction that qualifies as a sale under IFRS 15 is a lease liability.

The seller-lessee that retroactively applies the amendments, in accordance with IAS 8, to a sale and leaseback transaction that took effect after the initial adoption date, which is defined as the beginning of the annual reporting period in which the Company first applied IFRS 16.

The Company evaluated the amendments to IFRS 16 and determined that the implementation of these amendments had no effects on its financial information, as it does not engage in sale and leaseback transactions.

Amendments to IAS 7 and IFRS 7 – Supplier Finance Agreements

In May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to clarify the characteristics of supplier financing agreements and require additional disclosures about such agreements.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier financing agreements that enables users of financial statement to assess the effects of those agreements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier financing agreements as an example within the requirements to disclose information about an entity's exposure to liquidity risk concentration.

The amendments contain specific transition provisions for the first annual reporting period in which they are adopted.

The Company applied these amendments to disclose the impact on its liabilities and cash flows, specifically addressing liquidity risk and associated risk management in Note 6 to its consolidated financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current and Non-curren

In January 2020, the IASB issued amendments to IAS 1 to specify the requirements to classify liabilities and current or non-current.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position, and not the amount or timing of recognition of any asset, liability, revenue or expense or the financial information disclosed on such items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that exist at the end of the reporting period, specify that the classification is not affected by expectations about whether an entity will exercise its right to defer the settlement of a liability, explain that rights exist if the financial covenants (obligations to do or not to do) are met at the end of the reporting period, and introduce a definition of "settlement" to clarify that the settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

The Company assessed the amendments to IAS 1 and reviewed the classification of its liabilities as necessary to reclassify between current and non-current and did not identify any effect of these amendments to IAS 1 on its current accounting policies applicable to its financial information, as it already classifies its liabilities according to contractual terms, without considering future refinancing plans defined in its liquidity risk management strategy.

Amendments to IAS 1 – Classification of debt with covenants

In November 2022, the IASB issued amendments to IAS 1 to specify the classification of debt with covenants.

The amendments specify that only the financial covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer the settlement of a liability for at least twelve months after the reporting date (and should therefore be considered when assessing the classification of the liability as current or non-current). Such financial covenants affect if the rights exist at the end of the reporting period, even if compliance with the financial covenant is assessed only after the reporting date (e.g., a financial covenant based on an entity's financial position at the reporting date in which compliance is assessed on a date subsequent to the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity is only required to comply with a financial covenant after the reporting period. However, if an entity's right to defer settlement of a liability is subject to the entity meeting financial covenants within twelve months after the reporting period, the entity will disclose information that enables financial statement users to understand the risk that the liabilities will be repayable within the twelve months following the reporting period. This would include information about the financial covenants (including the nature thereof and when the entity is required to meet them), the carrying amount of the related liabilities and the facts and circumstances, if any, that indicate that the entity may encounter difficulties in complying with the financial covenants.

The Company assessed the amendments to IAS 1 and determined that they had no impact as it already classifies liabilities as current or non-current based on what is expected to occur at the end of the period and discloses information about its covenants in Note 15 to its consolidated financial statements.

ii. New and amended IFRS issued but not yet effective

As of the date of these consolidated financial statements, the Company has not applied the following amendments to the IFRS that have been issued, but are not yet effective, and the adoption of these amendments, except for IFRS 18, is not expected to have a material impact on the consolidated financial statements in future periods, considering that they are not of significant applicability. The amendments to the IFRS are included below:

- Amendments to IAS 21 – Lack of Exchangeability (1)
- Amendments to IFRS 7 and IFRS 9 – Classification and Measurement of Financial Instruments (2)
- Amendments to IFRS 7 and IFRS 9 – Nature-dependent Electricity Contracts (2)
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures (3)

(1) *Effective for annual periods beginning on or after January 1, 2025.*
(2) *Effective for annual periods beginning on or after January 1, 2026.*
(3) *Effective for annual periods beginning on or after January 1, 2027.*

IFRS 18 – Presentation and Disclosures in Financial Statements

IFRS 18 will replace IAS 1, *Presentation of Financial Statements*. Notwithstanding, many of the requirements established in IAS 1 remain unchanged and are supplemented by new requirements. In addition, certain paragraphs of IAS 1 have been moved to IAS 8 and IFRS 7, and minor amendments have been made to IAS 7 and IAS 33.

IFRS 18 introduces new changes and requirements to:

- Present specified categories and defined subtotals in the statement of income
- Provide disclosures on management-defined performance measures ("MPMs") in the notes to the financial statements
- Expanded requirements for aggregation and disaggregation of information

The Company must apply IFRS 18 for annual periods beginning on or after January 1, 2027, although early adoption is permitted. This standard requires retrospective application with specific transition provisions. The application of IFRS 18 and the associated amendments will have a significant impact on the Company's consolidated financial statements.

The Company is assessing the amendments necessary to comply with regulatory requirements to disclose its financial information accurately and in accordance with its results and financial position.

d. **Basis of preparation –** The consolidated financial statements were prepared based on the historical cost, except for the net assets and the results of the operations of the Company in Argentina, an economy that is considered hyperinflationary, which are expressed in terms of the unit of current measurement to date of the end of the reporting period. In general, the historical cost is based on the fair value of the consideration given in exchange for the assets.

e. **Local, functional and reporting currency –** The individual financial statements of each subsidiary of the Company are prepared in the currency of the primary economic environment in which the Company operates (its functional currency). Transactions in foreign currency are recorded at the exchange rate in effect on the date of their execution. Monetary assets and liabilities in foreign currency are valued in national currency at the exchange rate in effect on the date of the consolidated financial statements. Exchange fluctuations of monetary assets and liabilities are recorded in the results of the year, except in the case of financing for the construction of fixed assets, for which the cost of loans is capitalized during their construction; for differences in exchange rates arising from transactions related to exchange rate risk hedging.

The following table shows the functional currencies of the main foreign operations of the Company, which are the same as their local currency:

Country	Currency
Argentina	Argentinian Peso (ARS)
Chile	Chilean Peso (CLP)
Colombia	Colombian Peso (COP)
United States	U.S Dollar (USD)
Peru	Peruvian Sol (PEN)
Guatemala	Quetzal (GTQ)
Brazil	Brazilian Real (BRL)
Spain	Euro (EUR)

The main closing exchange rates as of December 31, 2024, and 2023, for the accounts of the consolidated statement of financial position and the approximate average rates in 2024 and 2023 of the accounts of the consolidated statement of income, were as follows:

	December 31, 2024	
Currency	Closing	Average
U.S. dollar	20.2683	18.2994
Colombian peso	0.0046	0.0045
Peruvian sol	5.3891	4.8744
Argentinian peso	0.0196	0.0199
Chilean peso	0.0204	0.0194
Quetzal	2.6301	2.3590
Euro	21.0558	19.7971
Brazilian real	3.2731	3.3953

	December 31, 2023	
Currency	Closing	Average
U.S. dollar	16.8935	17.7667
Colombian peso	0.0044	0.0041
Peruvian sol	4.5571	4.7447
Argentinian peso	0.0208	0.0680
Chilean peso	0.0190	0.0212
Quetzal	2.1584	2.2680
Euro	18.6668	19.2068
Brazilian real	3.4894	3.5555

For purposes of these consolidated financial statements, the results and financial position of each entity are stated in Mexican pesos, which is the presentation currency of the consolidated financial statements. The subsidiaries that operate abroad whose functional currency is different from the presentation currency of the consolidated financial statements, translate their financial statements using the following exchange rates: 1) closing for assets and liabilities, 2) historical for stockholders' equity, and 3) average monthly rate in effect during the period, unless they vary significantly during the period, in which case they use the exchange rates at the date on which the transactions are performed.

Similarly, if the functional currency in which the foreign subsidiary operates corresponds to a hyperinflationary economy, its financial statements are first restated by applying the requirements of IAS 29, *Financial Report in Hyperinflationary Economies*, using the price index of the country of origin of the functional currency (Note 3f), and subsequently converted using the closing exchange rate for all items for consolidation purposes.

The conversion effects arising from the consolidation of the Company's subsidiaries are recorded in stockholders' equity within other comprehensive income items.

f. **Inflationary effect recognition –** The functional currency of the Company's subsidiaries corresponds to a non-hyperinflationary economy, except for the Argentina operation where, as of July 1, 2018, the cumulative inflation rate of the last three years approaches or exceeds 100%, qualifying as a hyperinflationary economy and in accordance with IAS 29, the financial information of that subsidiary is expressed in purchasing power as of that date and at the end of the fiscal year in the consolidated financial statements.

For the years ended December 31, 2024 and 2023, inflation in Argentina was 117.8% and 211.4%, respectively.

The Company restates its financial statements as follows:

- The amounts of non-monetary items in each statement of financial position which are not measured at fair value or net realizable value at the date of the statement of financial position, as applicable, are restated by applying to their historical cost the variance of a general price index from the acquisition date or the date of the last fair value measurement to the date of the statement of financial position;
- The amounts corresponding to monetary items in the statement of financial position are not restated;
- Equity items of each statement of financial position are restated:
    i. at the beginning of the first application period of IAS 29, except for retained earnings, applying the variance of a general price index, from the origination date of the items up to the restatement date. Restated retained earnings are derived from the rest of the balances in the statement of financial position.
    ii. at the end of the first application period and in subsequent periods, all equity items are restated by applying a general price index from the beginning of the period or the contribution date if it is later.
- Revenues and expenses are restated by applying the general price index variance from the date on which the revenues and expenses were recognized to the reporting date.
- Gains or losses derived from the net monetary position are recognized in the consolidated statement of comprehensive income.

The effects of restates in the financial statements of the subsidiary located in Argentina are presented within the "Financial result, net" for the years ending December 31, 2024 and 2023.

g. **Classification of costs and expenses –** The costs and expenses presented in the consolidated statements of income were classified based on their function, as that is the common practice of the industry the Company participates in. Thus, cost of sales was separated from the remaining costs and expenses.

h. **Basis of consolidation –** In order to prepare the consolidated financial statements of Grupo Lamosa, S.A.B. de C.V. ("GLASA") and those of the controlled companies were considered. Control is obtained when the Company has the power over the investee, when it is exposed or has the rights to obtain variable returns from its participation and has the capacity to govern the financial and operating policies of the investee to obtain benefits from its activities. Glasa owns 100% of the capital stock of its subsidiaries. For consolidation purposes, all the significant balances and transactions between affiliated companies have been eliminated.

The subsidiaries and associates grouped by business segment, which form part of the continuous operations of GLASA, are the following:

Ceramic Business
Azulejos Benadresa, S.A.U. (3)
Baldocer, S.A.U. (3)
Cerámica Belcaire, S.A. (4)
Cerámicas Cordillera, S. A.
Cerámica San Lorenzo Colombia, S. A. S.
Cerámica San Lorenzo, I. C. S. A.
Cerámica San Lorenzo Industrial de Colombia, S. A.
Cerámica San Lorenzo, S. A. C.
Dilmun Empresarial, S.L.U. (3)
Estudio Cerámico México, S. A. de C. V. (1) (8)
Eurocerámica, S.A.S.
Incepa Revestimientos Cerámicos, Ltda.
Italaise, S. A. de C. V.
Ladrillera Monterrey, S. A. de C. V.
Lamosa Revestimientos, S. A. de C. V.
PLG Ceramics, Inc. (7)
Porcelanite Lamosa, S. A. de C. V.
Lamosa Energía de Monterrey, S. A. de C. V.
Roca Tiles Inc. (6)
Roca Tiles Spain, S.L. (4)
Servigesa, S. A. de C. V. (1) (8)
Tiles Investments and Holding, S.L.
United States Ceramic Tile, Inc. (6) (7)

Adhesives Business/Insulating Business

Adhesivos Perdura, S. A. de C. V.
Crest Norteamérica, S. A. de C. V.
Edificios y Naves del Noreste, S. A. de C. V. (2)
Empresas Fanosa, S.A. de C.V. (antes Empresas Ruibal, S. A. de C. V.) (2)
Fanosa, S.A. de C.V. (2)
Naves y Edificios, S. A. de C. V. (2)
Comercializadora Fanosa, S. A de C. V. (5)
Niasa México, S. A. de C. V.
Solutek Chile, S.p.A.
Tecnocreto, S. A.

Corporate and others

Grupo Inmobiliario Viber, S. A. de C. V.
Inmobiliaria Revolución, S. A. de C. V.
Lamosa Servicios Administrativos, S. A. de C. V.
Servicios de Administración el Diente, S. A. de C. V.
Lamove, S. A. de C. V. (5)

(1) Associated companies in which the Company holds 49% equity.
(2) On January 1, 2023, these companies merged, with Fanosa, S. A. de C. V. as the absorbing company.
(3) Companies acquired on October 31, 2023.
(4) On January 1, 2023, these companies merged, with Roca Tiles Spain, S.L. as the absorbing company.
(5) Companies created in 2024.
(6) On December 31, 2023, these companies merged, with Roca Tiles Spain, S.L. as the absorbing company.
(7) On January 4, 2024, PLG Ceramics, Inc. changed its name to United States Ceramic Tile, Inc.
(8) On January 12, 2024, equity in these entities was sold.

4. Material accounting policies

a. **Cash and cash equivalents –** Cash and cash equivalents include cash on hand, sight bank deposits, and short-term investments that are readily convertible to cash, not subject to significant risk of changes in their value. Cash and cash equivalents are measured at nominal value and yields are recognized in profit or loss as they are accrued.

b. **Financial assets –** The Company classifies and subsequently measures its financial assets based on the Company's business model to manage financial assets, and on the characteristics of the contractual cash flows of such assets. This way financial assets can be classified at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss. Management determines the classification of its financial assets upon initial recognition. Purchases and sales of financial assets are recognized at settlement date.

   Financial assets are entirely written off when the right to receive the related cash flows expires or is transferred, and the Company has also substantially transferred all the risks and rewards of its ownership, as well as the control of the financial asset.

   Classes of financial assets of the Company

   i. Financial assets at amortized cost

   Financial assets at amortized cost are those that i) are held within a business model whose objective is to hold said assets in order to collect contractual cash flows; and ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   ii. Financial assets at fair value through profit or loss

   Financial assets at fair value through profit or loss, are financial assets that do not meet the characteristics to be measured at amortized cost or fair value through other comprehensive income, since i) they have a business model different to those that seek to collect contractual cash flows, or collect contractual cash flows and sell the financial assets, or otherwise ii) the generated cash flows are not solely payments of principal and interest on the amount of outstanding principal.

   Foreign exchange gains and losses

   The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period, recognized in comprehensive income.

   Impairment of financial assets

   The Company recognizes lifetime expected credit loss (ECL) for trade receivables with clients and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience for a range of clients with the objective of determining a percentage of default risk, adjusted for factors that are specific to the debtors, such as possible guarantees, insurance policies, general economic conditions and an evaluation of both the current direction and the forecast conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant impairment in the financial instrument's external (if available) or internal credit rating;
- Significant impairment in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant impairment in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 180 days for national customers, and 90 days for foreign customers.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,

(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Company considers that a financial asset has low credit risk when the asset has an "investment grade" external credit rating, according to the globally accepted definition, or if an external rating is not available, that the asset has an internal "achievable" rating. Achievable means that the counterparty has a strong financial position, and there are no outstanding past amounts.

For financial guarantee contracts, the date on which the Company becomes part of the irrevocable commitment is considered to be the date of initial recognition for the purpose of assessing the impairment of the financial instrument. In assessing whether there has been a significant increase in credit risk since the initial recognition of financial guarantee contracts, the Company considers changes in the risk that the specified debtor will default the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full.

Despite the above analysis, the Company considers that default has occurred when a financial asset is more than 180 days past due for national customers and 90 days for foreign customers.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events: significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another company or where there is information indicating that the debtor is in serious financial difficulty and there is no realistic prospect of recovery, when the debtor has been placed in liquidation or has entered a bankruptcy process, or in the case of receivables, when legal procedures that allow their recovery are exhausted, whichever comes first.

Financial assets written off may still be subject to compliance activities under the Company's recovery procedures, considering legal advice where appropriate. When a financial asset measured at amortized cost is written off, the difference between the carrying amount of the asset and the sum of the consideration received, and receivable is recognized in income.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company and all the cash flows that the Company expects to receive, discounted at the original effective interest rate in case the value of money in time is a factor to consider.

c. **Inventories –** Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs of inventories are determined on a weighted average cost method basis and include the acquisition or production cost, which is incurred when purchasing or producing a product and other costs incurred in bringing inventories to their current location and condition. For inventories of finished goods and inventories in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

d. **Property, plant and equipment –** Property, plant and equipment are initially recorded at their cost of acquisition net of accumulated depreciation and/or accumulated impairment losses, if any. The borrowing costs related to the acquisition of qualifying asset are capitalized as part of the cost of that asset, according to the policy of the Company. The improvements that have the effect of increasing the value of the asset, either because they increase the service capacity, improve efficiency, or extend the useful life of the asset, are capitalized. Lower maintenance costs are recognized directly in costs in the period they are made. Depreciation of assets begins when the asset is ready for use.

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

Except for the depreciation of machinery and equipment, which is depreciated based on units produced with the total estimated asset during its service life, the depreciation of other fixed assets is calculated under the straight-line method based on the estimated useful lives, as follows:

	Years
Buildings and improvements	35 to 40
Transportation equipment	4 to 5
Computer equipment	4
Furniture and equipment	10

Gain or loss on the sale or retirement of property, plant and equipment is calculated as the difference between the net revenue from the sale and the carrying amount of the asset and is recorded in other income (expenses) of the operations, when all significant risks and rewards of ownership of the asset are transferred to the buyer, which normally occurs when ownership of the property is transferred.

e. **Leases**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date, discounted by the rate implicit in the lease. If this rate cannot be readily determined, the Company uses incremental rates.

Lease payments included in the measurement of the lease liability consist of:

- Fixed lease payments (including fixed in-substance payments), less any lease incentives received;
- Variable annuity payments that are dependent on an index or rate, initially measured using the index or rate at the commencement date;
- The expected amount to be paid by the lessee under residual value guarantees;

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- The exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- Penalty payments resulting from lease termination if the lease term reflects the exercise of a lease termination option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest accrued on the lease liability (using the effective interest method) and reducing the carrying amount to reflect lease payments made.

The Company revalues the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term is changed or there is a significant event or change in the circumstances of the lease resulting in a change in the assessment of the exercise of the purchase option, in which case the lease liability is measured by discounting the discounted lease payments using an updated discount rate.
- Lease payments are changed as a result of index or rate changes or a change in the expected payment under a guaranteed residual value, in which case the lease liability is revalued by discounting the updated lease payments using the same discount rate (unless the change in lease payments is due to a change in a variable interest rate, in which case an updated discount rate is used).
- A lease is amended, and the lease amendment is not accounted for as a separate lease, in which case the lease liability is revalued based on the lease term of the amended lease, discounting the updated lease payments using a discount rate updated to the effective date of the amendment.

Right-of-use assets consist of the initial measurement of the related lease liability, lease payments made on or before the commencement date, less any lease incentives received and any initial direct costs. The subsequent valuation is the cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company plans to exercise a purchase option, the right-of-use asset is depreciated over its useful life. Depreciation begins at the commencement date of the lease.

f. **Intangible assets –** Intangible assets represent payments whose benefits will be received in future years. The Company classifies its intangible assets into definite and indefinite-lived assets according to the period in which the Company expects to receive benefits.

Intangible assets with finite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are not amortized and are subject to an annual evaluation to determine if there is impairment of assets.

The Company's main intangible assets are trademarks, goodwill, mining concessions, customer relations and investments in software.

The estimated useful life of intangible assets is as follows:

	Years
Trademarks	13
Mining concessions	130
Customer relations	16
Investments in software	10

g. **Goodwill –** Goodwill arising from a business combination and recognized as an asset at the date that control is acquired (the acquisition date).

Goodwill is not amortized but assessed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of a 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. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

h. **Impairment of tangible and intangible assets other than goodwill –** At the end of each reporting period, the Company 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 such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. When an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimated value at its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined if an impairment loss had not been recognized for that asset (or cash-generating unit) in prior years. The reversal of an impairment loss is immediately recognized in profit or loss.

i. **Financial liabilities –** Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or "debt or other financial liabilities measured at amortized cost".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the consolidated statements of income.

Debt and other financial liabilities measured at amortized cost

This classification includes loans with banking institutions, and other financial liabilities, which are initially recognized at fair value net of the transaction costs and are subsequently measured at amortized cost using the effective interest rate method, recognizing the interest expenses on an effective yield basis.

Financial liabilities are classified as short- term and long-term according to their maturity.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and allocating the financial 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

The Company derecognizes financial liabilities only when the Company's obligations are fulfilled, cancelled, or have expired. When the Company exchanges with the existing lender one debt instrument in another with substantially different terms, this exchange is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. Similarly, the Company considers the substantial modification of the terms of an existing liability or part of it as an extinction of the original financial liability and recognition of a new liability. It is assumed that the terms are substantially different if the present discounted value of the cash flows under the new terms, including any net paid rate of any rate received and discounted, using the original effective rate, is at least 10% different from the remaining cash flows of the original financial liability. The costs incurred in the refinancing are recognized immediately in results at the date of termination of the previous financial liability.

Meanwhile, if the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after the modification must be recognized in profit or loss as a result of changes in other gains and losses.

j. **Derivative financial instruments –** The Company values and recognizes all operations with derivative financial instruments in the consolidated statements of financial position as either an asset or liability at fair value, regardless of the purpose of holding them.

The fair value of these instruments is determined based on the present value of cash flows. This method involves estimating future cash flows of derivatives according to the fixed rate of the derivative and the forward curve at that date to determine the variable cash flows, using the appropriate discount rate to estimate the present value. All derivatives of the Company are classified in Level 2 of the fair value hierarchy. Fair value measurements in Level 2 are those derived from different information than quoted prices included within Level 1 (fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities) that can be seen for the asset or liability, either directly (e.g., as prices) or indirectly (e.g., derived from prices).

At the inception of the hedge relationship of a derivate financial instrument, the Company ensures that all hedge accounting requirements are complied with and documents its designation at the inception of the hedge, describing the objective, characteristics, accounting treatment and the way the measurement of effectiveness will be performed, applicable to that operation.

Derivatives designated as hedges for accounting purposes are accounted for based on the type of hedge: (1) for fair value hedges, changes in both the derivative and the hedged item are recognized at fair value and are recognized in profit or loss, (2) when cash flows hedges, the effective portion is temporarily recognized in other comprehensive income and in profit or loss when the hedged item affects it; the ineffective portion is recognized immediately in profit or loss.

The Company applies hedge accounting to foreign exchange risk arising from its investments in foreign operations due to changes in exchange rates originating between the functional currency of such operation and the functional currency parent company, regardless of whether the investment is maintained directly or through a sub-holder. The change in exchange rates is recognized in the other comprehensive income as a part of the foreign translation effect when the foreign operation is consolidated.

Therefore, the Company designates as a hedging instrument the debt denominated in a foreign currency, so the foreign exchange effects arising from such debt are recognized in the other comprehensive income, in the translation effects, to the extent that the hedging is effective. When the hedge accounting is not effective, exchange rate differences are recognized in results.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, when it no longer qualifies for hedge accounting or effectiveness is not sufficient to compensate changes in fair value or cash flows of the hedged item.

When discontinuing cash flow hedge accounting, any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When it is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss. Where a hedge for a forecasted transaction is proved satisfactory and subsequently does not meet the effectiveness test, the cumulative effects in other comprehensive income in equity are recognized in proportion to profit or loss, to the extent that the forecasted asset or liability affects it.

Certain derivative financial instruments contracted for hedging from an economic perspective that do not meet all the requirements under the standard, are designated for accounting purposes as FVTPL. The fluctuation in the fair value of these derivative instruments are recognized in the consolidated statements of income.

The Company primarily uses currency forwards, currency swaps, call spreads and interest rate swaps to manage its exposure to foreign currency and interest rate fluctuations, respectively.

k. Employee benefits

Short-term employee benefits

Are calculated based on the services provided, considering their current salaries and the liability is recognized as it accrues. It mainly includes workers' profit sharing ("PTU", for its acronym in Spanish) payable, vacations and vacation premiums, and incentives.

PTU is recorded in the period's profit or loss in which it is incurred and presented in cost of goods sold and operating expenses.

Termination benefits

The Company provides benefits upon termination of employment under certain circumstances required. These benefits consist of a lump sum payment of three months' salary plus 20 days per year worked in the event of unjustified dismissal.

Termination benefits are recognized when the Company decides to terminate the employment relationship with an employee or when the employee accepts an offer of termination.

Long- term employee benefits

The Company provides its employees long-term benefits that consist of defined contribution plans and defined benefit plans.

Legal defined contribution plan – The Company makes contributions equivalent to 2% of the salary of their workers to their plan defined contribution plan based on the retirement savings requirements established by law. The expense recognized for this item was $81,813 and $58,385 in 2024 and 2023, respectively.

Defined contribution plan – The Company has a pension plan with defined contribution benefits for certain employees, equivalent to a maximum of 6.25% of their annual taxed wage.

The Company has two types of retirement: normal retirement, which applies when turning 65 years of age, and early retirement, which applies when turning 55 years of age with at least 5 years of service.

In the case of leaving prior to retirement, the employee's entitlements on contributions will be adjusted to the years of service with the Company.

Defined benefit plans – For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. All remeasurements of the Company's defined benefit obligations such as actuarial gains and losses are recognized directly in other comprehensive income ("OCI") and shall not be recycled to profit or loss at any time. The Company presents service costs within cost of sales and operating expenses and presents net interest cost within interest expense in the consolidated statements of income. The projected benefit obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation as of the end of each reporting period.

The defined benefit plans that the Company provides to its employees are:

- **Seniority premium –** In accordance with Mexican Labor Law, the Company provides seniority premium benefits to its employees under certain circumstances. These benefits consist of a one-time payment equivalent to 12 days wages for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with 15 or more years of service, as well as to certain employees terminated involuntarily prior to the vesting of their seniority premium benefit.
- **Pension plan –** The Company maintains for certain employees a pension plan with defined benefits that consists of a one-time payment, or a monthly payment determined based on their base pay according to age and years of service. The retirement ages are: normal. - Staff with 50 years of age and at least 5 years of service; advanced. - Staff with 45 years of age and at least 15 years of service, and early. – Staff with 40 years of age and a minimum of 10 years of service.

Additionally, for certain employees who are not subject to the pension plan, the Company recognizes, as specific benefits plan, an implicit obligation derived from the practices that are usually carried out, where it grants certain employees, when they have a retirement, an equivalent benefit to three months plus 20 days of salary for each year of service. This implicit obligation is related to the period of time in which an employee provided his services to the Company.

l. **Provisions –** Provisions are recognized when the Company has a present obligation (legal or assumed) as a result of a past event, it is probable that the Company 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. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

m. **Revenue recognition –** Revenues comprise the fair value of the consideration received or to receive for the sale of goods and services in the ordinary course of the transactions, and are presented in the consolidated statement of income, net of the amount of variable considerations, which comprise the estimated amount of returns from customers, rebates and similar discounts.

To recognize revenues from contracts with customers, the comprehensive model for revenue recognition is used, which is based on a five-step approach consisting of the following: (1) identify the contract; (2) identify performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when the Company satisfies a performance obligation.

Revenue from the sale of goods and products

Contracts with customers are formalized by commercial agreements complemented by purchase orders, whose costs comprise the promises to produce, distribute and deliver goods based on the contractual terms and conditions set forth, which do not imply a significant judgment to be determined. When there are payments related to obtaining contracts, they are capitalized and amortized over the term of the contract.

Performance obligations held by the Company are not separable, and are not partially satisfied, since they are satisfied at a point in time when the customer accepts the products. Moreover, the payment terms identified in most sources of revenue are short-term, with variable considerations including discounts given to customers, without financing components or guarantees. These discounts are recognized as a reduction in revenue; therefore, the allocation of the price is directly on the performance obligations of production, distribution, and delivery, including the effects of variable consideration.

The Company recognizes revenue at a point in time, when control of sold goods has been transferred to the customer, which is given upon delivery of the goods promised to the customer according to the negotiated contractual terms. The Company recognizes an account receivable when the performance obligations have been met, recognizing the corresponding revenue; moreover, the considerations received before completing the performance obligations of production and distribution are recognized as customer advances.

Dividend income from investments is recognized once the rights of stockholders to receive this payment have been established (when it is probable that the economic benefits will flow to the Company and the revenue can be reliably determined).

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

Current tax

Current tax corresponds to income tax ("ISR") and is recorded in the income of the year when incurred. Taxable profit differs from profit as reported in the consolidated statements of income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, including tax loss benefit. Deferred income tax asset is presented net of the reserve arising from the uncertainty of the realization of certain benefits.

On initial recognition, such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legal right and when they relate to income taxes relating to the same taxation authority and the Company intends to liquidate its assets and liabilities on a net basis.

Current and deferred tax 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, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

o. **Earnings per share ("EPS") –** EPS is calculated by dividing the consolidated net income or loss by the weighted average number of shares outstanding during the period. Earnings per share are based on 344,197,160 and 348,325,030 weighted average shares outstanding during 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the Company does not have potentially dilutive instruments.

5. Critical accounting judgments and key uncertainty sources in estimates

In the application of the accounting policies mentioned in Note 4, the Company's Management makes judgments, estimates and assumptions about certain amounts of assets and liabilities of the consolidated financial statements. The estimates and associated assumptions are based on experience and other factors that are considered relevant. Actual results could differ from such estimates.

The estimates and associated assumptions are continuously reviewed. Amendments to accounting estimates are recognized in the period in which the estimate is modified, future periods if the change affects both current and future periods.

Discount rate estimation to calculate the present value of future minimum rent payments

The Company estimates the discount rate to be used in determining the lease liability, based on the incremental loan rate ("IBR").

The Company uses a three-level model, with which it determines the three elements that make up the discount rate: (i) reference rate, (ii) credit risk component and (iii) adjustment for characteristics of the underlying asset. In said model, Management also considers its policies and practices to obtain financing, distinguishing between that obtained at the corporate level (that is, by the holding company), or at the level of each subsidiary. Finally, for real estate leases, or in which there is significant and observable evidence of their residual value, the Company estimates and evaluates an adjustment for the characteristics of the underlying asset, taking into account the possibility that said asset may be granted as collateral or guarantee against the risk of default.

Estimation of default probabilities and recovery rate to apply the model of expected losses in the calculation of impairment of financial assets.

The Company assigns to customers with whom it maintains an account receivable at each reporting date, either individually or as a group, an estimate of the probability of default on the payment of accounts receivable and the estimated recovery rate, with the purpose of reflecting the cash flows expected to be received from the outstanding balances on said date (see Note 8).

Useful lives of fixed and intangible assets

Useful lives and residual values of fixed and intangible assets are used to determine depreciation expense and amortization of such assets, except for machinery and equipment which are depreciated on the basis of units produced estimating a total production and are defined in accordance with internal specialists. Useful lives and residual values are reviewed periodically at least once a year, based on the current conditions of the assets and the estimate of the period during which they will continue to generate economic benefits to the Company. If there are changes in the related estimate, measurement of the net carrying amount of assets and the corresponding depreciation or amortization expense are affected prospectively (see Note 4.d. and 4.f.)

Valuations to determine the recoverability of deferred tax assets

As part of the tax analysis that the Company makes, on an annual basis it determines the projected taxable income based on the judgements and estimates of future operations, to conclude on the probability of recoverability of deferred tax assets, such as including tax losses and other tax credits (see Note 23).

Impairment of long-lived assets

The carrying amount of long-lived assets is reviewed for impairment when situations or changes in circumstances indicate that it is not recoverable. If there are indicators of impairment, a review is carried out to determine whether the carrying amount exceeds its recoverable amount and whether it is impaired. The evaluation of impairment is estimated in accordance with what is mentioned in Note 4h.

The Company reviews on an annual basis the circumstances that provoked an impairment loss derived from the cash generating units to determine if such circumstances have been modified and if they have generated reversal conditions. In case of a positive conclusion, the next step is to calculate the recoverable amount and, if it is appropriate the reversal of impairment previously recognized. In case of having recognized an impairment loss of goodwill, no reversal procedure is applied (see Notes 12 and 13).

Assumptions made in defined benefit plan obligations

The Company uses assumptions to determine the best estimate for its employee retirement benefits. Assumptions and estimates are established in conjunction with independent actuaries. These assumptions include demographic hypothesis, discount rates and expected increases in remunerations and future permanence, among others. Although the assumptions are deemed appropriate, a change in such assumptions could affect the value of the employee benefit liability and the results of the period in which it occurs (see Note 18).

Additionally, the Company's management makes certain critical judgements, which are explained below:

Identification of a general Price index in Argentina

Beginning July 1, 2018, the Company reflects the effects of hyperinflation on the financial information of its subsidiary in Argentina using price indexes that are considered appropriate in accordance with Resolution 539/19 JG (the "Resolution") of the Argentine Federation of Professional Councils of Economic Sciences. This resolution establishes that a combination of price indexes should be used in the calculation of the effects of restatement of financial statements. Therefore, the Company has decided to use the Consumer Price Index ("CPI") to restate balances and transactions.

The price indexes used to restate the financial statements of the subsidiary in Argentina were as follows:

Year	Index
2024	7,694.0075
2023	3,533.1922
2022	1,134.5875

Contingencies and commitments

The Company is subject to transactions or contingent events on which it uses professional judgment in the development of estimates of probability of occurrence. The factors considered in these estimates are the legal situation at the date of the estimate, and the opinion of legal advisors (see Note 22).

6. Objectives of risk management in financial instruments

The Company is exposed to different financial risks inherent in its operation, which are evaluated through a risk Management program and are listed as follows: a) market risk which included foreign exchange risk, interest and price rates mainly natural gas, b) liquidity risk, and c) credit risk, for which it seeks to manage the potential negative effects thereof in its financial performance. According to the valuation of these risks and internal guidelines, the Company carries out operations with derivative financial instruments, which are only for purposes of hedging and must be previously approved by the Finance Committee, comprised of independent and related party members of the Company's Board of Directors.

6.1 Categories and fair value of financial instruments

Below are the financial instruments and their fair value based on their category:

	December 31,			
		2024		2023
Financial assets:				
Cash and cash equivalents [1]	$	694,574	$	1,280,236
Accounts receivable [1]		5,478,372		5,144,678
Derivative financial instruments [2]		153,328		30,952
Financial liabilities:				
Amortized cost liabilities [1]	$	20,448,350	$	19,577,294
Derivative financial instruments [2]		94,092		51,896

(1) Measured at amortized cost. The book value of cash and equivalents, accounts receivable and short-term financial liabilities, approximates their fair value because they are shot-maturity instruments.
(2) Instruments measured at fair value through profit or loss.

The book value and the estimated fair value of non-current financial liabilities valued at amortized cost are as follows:

	As of December 31, 2024			
		Book value		Fair value
Financial liabilities:				
Non-current debt before debt issuance and borrowing costs	$	16,428,812	$	16,026,596

The estimated fair value as of December 31, 2024, was determined based on discounted cash flows and reference to the closing value of the securities. The fair value measurement of non-current debt is considered within Levels 1 and 2 of the fair value hierarchy.

6.2 Market risk

6.2.1 Foreign exchange risk

The Company's exposure to the volatility of the exchange rate of its local currency against the U.S. dollar for the Company's financial instruments is shown as follows:

		2024		2023
Financial asset	US$	75,098	US$	66,273
Financial liabilities		(356,957)		(530,797)
Liability position	US$	(281,859)	US$	(464,524)
Equivalent in Mexican pesos	$	(5,712,806)	$	(7,847,432)

The exchange rates in effect at the date of consolidated financial statements per U.S. dollar were as follows:

	As of December 31, 2024		As of December 31, 2023
$	20.2683	$	16.8935

As of January 31, 2025, the interbank exchange rate established by Banco de Mexico was 20.5677 Mexican pesos per U.S. dollar.

The Company's exposure to the volatility of the exchange rate of its local currency against the Euro for the Company's financial instruments is shown as follows:

		2024		2023
Financial asset	€	22,126	€	31,781
Financial liabilities		(40,757)		(57,663)
Liability position	€	(18,631)	€	(25,882)
Equivalent in Mexican pesos	$	(392,288)	$	(483,136)

The exchange rates in effect at the date of consolidated financial statements per Euros were as follows:

	As of December 31, 2024		As of December 31, 2023
$	21.0557	$	18.6668

As of January 31, 2025, the interbank exchange rate established by Banco de Mexico was $21.3757 Mexican pesos per Euro.

Sensitivity analysis of exchange risk

Because the Company has a borrowing position in foreign currency, mainly due to debt and finance leases in US dollars and Euros it is exposed to variations in exchange rates. In this position in foreign currency, if the exchange rate increases or decreases, the exchange effects would be against or in favor, respectively. Therefore, if as of December 31, 2024, the Mexican peso/U.S. dollar exchange rate increased by $3.00 Mexican pesos, then the amount of the net monetary position in foreign currency would increase by $845,578, whereas if as of December 31, 2024, the Mexican peso/euro exchange rate increased by $3.0 Mexican pesos, then the net monetary position in foreign currency would increase by $55,893, impacting income before taxes and the Company's stockholders' equity would have resulted in an exchange loss. If, on the contrary, such ratio decreased by $3.00 Mexican pesos, then the effect would be the opposite. Both scenarios represent the amount that management considers reasonably possible to occur in a year given current market volatility.

Derivative financial instruments to hedge the exposure to the exchange rate, interest rate and translation effec

As of December 31, 2023, the Company has four USD/MXN exchange rate Cross-Currency Swaps ("CCS"). As of December 31, 2024, such instruments were cancelled early since the foreign currency financing for which they were contracted was paid in advance and debt in local currency was contracted instead.

During 2023, the 3 CCS held in USD with various Latin-American currencies (USD/COP, USD/PEN and USD/CLP) matured early. The three CCS were designated as cash flow and net foreign investment hedges to mitigate risks related to interest rate, fluctuations in the financing scheme exchange rate and the translation effect of net investment in its subsidiaries in Colombia, Peru, and Chile. The accounting treatment for the discontinuation was applied in accordance with the requirements of IFRS 9.

In addition, during 2023, the transition of derivatives and debt to SOFR was performed due to the LIBOR reform; the remaining characteristics of the derivatives remained unchanged.

The characteristics of the CCS designated as accounting hedges of exchange rate and interest rate are as follows:

2023 Characteristics Derivative financial instruments in statement of financial position	CCS BBVA 50532830 (previously 175577)	CCS BBVA 50532798 (previously 175137)	CCS BBVA 50532780 (previously 177169)	CCS Scotiabank C87361/ C63495 (previously C63496/ C63495)
Currency	USD	USD	USD	USD
Notional amount	$18,960	$18,960	$17,617	$18,960
Coupon received	Sofr Term 3M +0.26161%	Sofr Term 3M +0.26161%	Sofr Term 3M +0.26161%	Sofr Term 3M +0.26161%
Currency	MXN	MXN	MXN	MXN
Notional amount	$401,838	$407,545	$369,957	$399,866
Coupon paid	1.978%	2.00%	1.939%	1.925%
Maturity	oct-17-24	oct-17-24	oct-17-24	oct-17-24
Amortization MXN	$106,803	$108,335	$98,343	$106,294
Amortization USD	$5,040	$5,040	$4,683	$5,040
Book value	$(9,854)	$(11,471)	$(8,107)	$(8,993)
Effect recognized in profit or loss for reclassifications	$(20,533)	$(22,075)	$(18,144)	$(19,976)
Recognized in OCI net of reclassifications	$7,476	$7,422	$7,026	$7,688
Ineffectiveness recognized in profit or loss	-	-	-	-
Change in the fair value of the hedged item to measure ineffectiveness	$9,814	$11,451	$8,079	$9,107

As of December 31, 2023, the effectiveness results of the CCS hedges confirm that the hedging relationship is highly effective, as the changes in the fair value and cash flows of the hedged item are offset in the effectiveness range established by the Company. The prospective effectiveness test resulted in a 99.29% average in 2023. As of December 31, 2023, the effectiveness results of CCS hedges confirm that the hedging relationship is highly effective, as the changes in the fair value and cash flows of the hedged item are offset in the effectiveness range established by the Company. The average hedge ratio as of December 31, 2023 was 52.39% for the hedged financing scheme risk.

In these hedging relationships described above, the ineffectiveness source may be caused by the credit risk. For December 31, 2023, there was no ineffectiveness in results.

As of December 31, 2024, the Company has 6 USD/MXN exchange rate Call Spread strategies to mitigate the exchange rate risk for future repayments of financing in USD. As of December 31, 2023, the Company had 19 of these strategies.

The Company maintains different liabilities in U.S. dollars; therefore, during 2023, it contracted 19 Call Spread strategies to hedge the repayments in 2024, 2025, and 2026 of different liabilities in U.S. dollars; the characteristics of the derivative financial instruments and the considerations of their respective valuations as hedging instruments, are as follows:

2024

Characteristics	Call Spreads	Call Spreads
Number of strategies	4	2
Currency	USD/MXN	USD/MXN
Total notional USD	13,800,000	11,500,000
Maturities	March, June, September, and December 2025	September and December 2026
High strike	$27.00	$24.30
Low strike	$25.00	$21.30
Book value	$1,517	$12,207
Recognized in results	-	-
Recognized in other comprehensive income, net of taxes and reclassifications	$1,844	$(3,385)

2023

Characteristics	Call Spreads	Call Spreads	Call Spreads	Call Spreads	Call Spreads
Number of strategies	4	4	4	4	3
Currency	USD/MXN	USD/MXN	USD/MXN	USD/MXN	USD/MXN
Total notional USD	$50,400,000	$13,800,000	$18,400,000	$17,997,000	$54,000,000
Maturities	January, April, July, and October, 2025	March, June, September, and December, 2025	March, June, September, and December, 2026	January, April, July, and October, 2024	January, April, and July, 2026
High strike	$27	$27	$24.3	$23.5	$24.3
Low strike	$25	$25	$21.3	$20.5	$21.3
Book value	$3,147	$955	$7,246	$1,155	$18,449
Recognized in results	-	-	-	-	-
Recognized in other comprehensive income, net of taxes and reclassifications	$6,420	$2,238	$2,878	$3,790	$8,399

For accounting purposes, the Company has designated the transactions described above as cash flow hedging relationships to hedge future repayments in 2024, 2025, and 2026 of two different liabilities; formally documenting such relationships, establishing the objectives, management's strategy to hedge the risk, the identification of hedging instruments, the hedged items, the nature of the hedged risk, and the methodology to assess their effectiveness.

According to the characteristics of the hedged items and hedging instruments, the economic relationship is clear because the characteristics are perfectly aligned for the established hedging relationships. For this reason and in conformity with the standard, a qualitative method is applied based on the evaluation of critical terms. In the event of a substantial or critical change that could modify the economic relationship, a quantitative evaluation must be performed for the period for which doubt exists by using a cash flow offsetting method that includes a hypothetical derivative.

The results of the hedge effectiveness test are 100% for 2024 and 2023, and this confirms that the hedging relationship is highly effective. According to the described amount and the manner in which derivative cash flows are exchanged, for hedging strategies, the average hedge ratio is 75% and 89% as of December 31, 2024 and 2023, respectively. In these hedging relationships, ineffectiveness is essentially associated with the credit risk.

EUR/MXN hedges

During 2024, the Company contracted four EUR/MXN currency swaps where only the interest coupon is paid and received (Coupon Only Swap or "COS") and 44 EUR/MXN exchange rate Call Spreads. The objective of these hedges is to mitigate the exchange rate risk (EUR/MXN) with the Call Spreads and the interest rate risk (Euribor 3M) with the COS derived from payment of principal and interest, respectively, of its foreign currency financing scheme (Euros). The Company has formally designated this hedging relationship as a cash flow hedge.

2024

Characteristics	Call Spreads BOFA	Call Spreads ING	Call Spreads BNP	Call Spreads Santander
Currency	EUR/MXN	EUR/MXN	EUR/MXN	EUR/MXN
Number of strategies	11	11	11	11
Total notional EUR (thousands)	$46,280	$45,500	$45,500	$44,720
Maturities	27-oct-27	27-oct-27	27-oct-27	27-oct-27
Book value	$33,969	$33,832	$33,934	$34,635
Recognized in results	$(2,793)	$(2,329)	$(2,329)	$(2,146)
Recognized in other comprehensive income, net of taxes and reclassifications	$13,427	$14,609	$14,712	$15,791
Change in fair value of the hedged item to measure ineffectiveness		$(16,140)		

2024

Characteristics Derivative financial instruments line item in the balance sheet	CCS BNP Paribas MD33379833	CCS BOFA 952907794	CCS ING 411243841	CCS Santander 2353808
Currency	EUR	EUR	EUR	EUR
Notional (thousands)	$43,750	$44,500	$43,750	$43,000
Coupon receives	Euribor 3M	Euribor 3M	Euribor 3M	Euribor 3M
Currency	MXN	MXN	MXN	MXN
Notional	$800,625	$814,350	$800,625	$786,900
Coupon pays	4.05%	4.05%	4.05%	4.05%
Maturity	Oct 27, 27	Oct 27, 27	Oct 27, 27	Oct 27, 27
Book value	$(23,301)	$(24,085)	$(23,618)	$(23,088)
Effect recognized in results from reclassifications	$(21,212)	$(23,692)	$(21,212)	$(21,228)
Recognized in other comprehensive income, net of taxes and reclassifications	$(1,462)	$(275)	$(1,684)	$(1,302)
Ineffectiveness recognized in results	-	-	-	-
Change in fair value of the hedged item to measure ineffectiveness		$19,712		

For accounting purposes, the Company has designated the intrinsic value of the Call Spreads and interest receivable on the currency swaps described above as a cash flow hedge, and the objective is to hedge the principal and interest payments on its Euro financing, formally documenting such relationship by establishing the objectives, the management strategy to hedge the risk, the identification of the hedging instruments, the hedged items, the nature of the risk to be hedged, and the effectiveness evaluation methodology. We found that the characteristics are perfectly aligned between the hedged item and the hedging instruments; however, a quantitative assessment was performed for the effectiveness measurement of such hedge using an offsetting method that includes a hypothetical derivative because this hedge is off-market, since the hedging instruments had an initial value upon designation.

In these hedging relationships, the ineffectiveness source is mainly due to credit risk and to the hedging relationships being off-market, as the hedging instruments are designated with a certain initial value.

As of December 31, 2024, the results of the hedging effectiveness tests of the Call Spreads were 100% and 98.65% for the swaps, which confirm that the hedging relationship is highly effective. Based on the described amount and how derivative flows are exchanged, for the hedging strategies, the average hedging ratio is 58% at the end of December 2024.

As of December 31, 2024 and 2023, the Company has currency forwards contracts for a nominal amount of its supplier invoice commitment, which all involve import hedges. The characteristics of these contracts are as follows:

Characteristics	2024	2023
Currency	USD/CLP	USD/CLP
Notional	US$5,199	US$5,218
Maturity	January, February, March, and April 2025	January, February, March, and April 2024
Average strike	$970.53	$904.63
Asset (liability) book value	$3,234	$(7,373)
Effect recognized in results	$-	$-
Recognized in other comprehensive income, net of taxes and reclassifications	$2,361	$5,382

As of December 31, 2023 the Company has future contracts for a nominal amount equal to the amount of supplier invoices denominated in foreign currency. The characteristics of these contracts are as follows:

Characteristics	2023
Currency	USD/ARS
Notional	US$5,615
Maturity	January 2024
Average strike	$665 - $858
Asset (liability) book value	$(6,098)
Effect recognized in results	$3,964
Recognized in other comprehensive income, net of taxes and reclassifications	USD/ARS

6.2.2 Interest rate risk

As of December 31, 2024, approximately 77.6% of the bank debt has been contracted at a variable rate, which exposes the Company to the interest rate risk. This risk exposure is essentially related to possible fluctuations in the interest rate benchmark used in Mexico (Interbank Interest Rate or "TIIE"), in the US (Secured Overnight Financing Rate or "SOFR" of 3 months) and in Europe (Euro InterBank Offered Rate or "EURIBOR").

The Company monitors the trends of these interest rates, the value of which increased during 2024.

Sensitiveness analysis of the interest rate risk

If, as of December 31, 2024, the interest rates of the Company's debt instruments varied by 2 percentage points, which represents a percentage that management considers reasonably possible in a one-year period, the effect on the Company's profit before taxes and stockholders' equity would be $245,504. A rate increase would adversely affect profit, while a rate decrease would generate a benefit.

6.2.3 Natural gas price risk

The Company is exposed to fluctuations in the price of natural gas. During the years ended December 31, 2024 and 2023, the Company consumed natural gas of approximately 13,436,118 and 16,706,540 million British Thermal Units ("MMBTUS"), respectively. Based on the guidelines established by the Finance Committee to hedge the risk of a natural gas price increase, during 2024, the Company contracted Gas Price Swap hedges of 4,378,787 million BTUs, corresponding to 50% of the monthly consumption in Mexico at an average price of US$2.03 per million BTUs. Such hedges are not in effect as of December 31, 2024.

As of December 31, 2024 and 2023, and January 31, 2025, the issuance date of the consolidated financial statements, the market price of natural gas was US$2.42, US$2.51 and US$3.01, U.S. dollars of MMBTUS respectively.

Sensitivity analysis of natural gas price risk

If as of the December 31, 2024, the gas price had increased by 10%, which represents the percentage that Management considers reasonably possible to occur in the coming year, the Company's income before taxes would have decreased by $133,456, having an effect on stockholders' equity of $93,419. If additionally, such ratio had decreased by 10%, then the effect would be the opposite.

6.3 Liquidity risk

The Company is exposed to different industry factors, as well as to economic factors which could affect the cash flow of its operations. Some of these factors are not controllable by the Company; however, the Company manages the liquidity risk through the monthly review of actual and projected cash flows to anticipate and react to potential future events.

A contractual payments' analysis of non-derivative financial liabilities is disclosed in Notes 16 and 17. This risk is managed by maintaining a proper cash balance for its operation and debt service, complemented by available lines of credit with various banks which as of December 31, 2024, are fully available.

Supplier finance arrangements

The Company operates the following supplier financing agreements:

- In order to ensure easy access to credit for its suppliers and facilitate early settlement, the Company has entered into supplier finance arrangements that permit the suppliers to obtain payment from the banks for the amounts billed up to 7 days before the invoice due date subject to a discount of up to 5% on average, assumed by the supplier. The arrangements permit the banks to settle invoices in advance, without setting a quantitative limit per month. The Company pays the banks the full invoice amount on the scheduled payment date as required by each invoice. As the agreements do not permit the Company to extend finance from the banks by paying them later than it would have paid its suppliers, the Company considers amounts payable to the banks should be presented under "Accounts payable to suppliers" and "Other current liabilities". As of December 31, 2024, 19% of "Accounts payable to suppliers" and "Other current liabilities" were amounts due under these arrangements.

Below are the details of supplier financing agreements and their presentation in the consolidated statement of financial position:

	December 31,			
		2024		2023
Presented under "Accounts payable to suppliers"	$	650,467	$	718,977
Presented under "Other current liabilities"	$	163,127	$	209,137
Total	$	813,594	$	928,114
Trade accounts payable for which suppliers have already received payment from the finance provider	$	813,594		

Below are the details of the payment date ranges for the supplier financing agreements as of December 31, 2024:

	Days
For liabilities presented under "Accounts payable to suppliers" and "Other current liabilities":	
Liabilities that are part of supplier finance arrangements:	50 - 65
Comparable accounts payable that are not part of supplier finance arrangements:	50 - 65

Changes in liabilities that are subject to supplier financing agreements are mainly attributable to additions resulting from purchases of goods and services and subsequent cash settlements. There were no material or monetary changes in these liabilities.

The Company does not face significant liquidity risk as a result of its supplier financing agreements given the limited amount of liabilities subject to such agreements and the Company's access to other financing sources under similar conditions.

6.4 Credit risk

The maximum exposure to credit risk is represented by accounts receivable as shown in the consolidated statements of financial position. The client portfolio is comprised mostly of entities with experience in construction finishes and with a considerable track record in the distribution of the products of the Company's brands, which generally constitute an important source in their business lines. For its credit risk Management, the Company carries out a thorough review of customers interested in purchasing its products, as well as the annual evaluation of existing customers, considering both qualitative and quantitative variables and by establishing credit limits. The portfolio is based on the characteristics and conditions of customers, supported with promissory notes when necessary.

In addition, no customer individual or with affiliated companies represent more than 10% of sales or account receivables for the reported years in these consolidated financial statements.

7. Cash and cash equivalents

		2024		2023
Cash and bank deposits	$	563,642	$	473,786
Cash equivalents - investments in money market fund		130,932		806,450
	$	694,574	$	1,280,236

8. Accounts receivable, net

		2024		2023
Accounts receivable	$	5,616,045	$	5,263,905
Allowance for expected credit losses		(137,673)		(119,227)
	$	5,478,372	$	5,144,678

The following is the movement in the evolution due to the loss of customers on December 31, 2024 and 2023, with the model of losses expected by the Company:

2024

Customer groups	Accounts receivable [1]	Secured accounts receivable	Unsecured accounts receivable	Default probability range	Loss given default range	Opening balance-Impairment allowance	Increases	Cancellations	Ending balance-Impairment allowance
Ceramic	$ 4,572,114	$ 2,147,587	$ 2,424,527	.02% - .05%	1.0	$ (110,382)	$ (62,391)	$ 41,832	$ (130,941)
Adhesives / Insulating	1,188,876	592,573	596,303	.03% - .05%	1.0	(8,845)	(4,155)	6,268	(6,732)
Total						$ (119,227)	$ (66,546)	$ 48,100	$ (137,673)

2023

Customer groups	Accounts receivable [1]	Secured accounts receivable	Unsecured accounts receivable	Default probability range	Loss given default range	Opening balance-Impairment allowance	Increases	Cancellations	Ending balance-Impairment allowance
Ceramic	$ 4,758,983	$ 1,094,723	$ 3,664,260	.02% - .05%	1.0	$ (109,868)	$ (21,007)	$ 20,493	$ (110,382)
Adhesives / Insulating	781,013	241,663	539,350	.03% - .05%	1.0	(10,744)	(1,011)	2,910	(8,845)
Total						$ (120,612)	$ (22,018)	$ 23,403	$ (119,227)

(1) The total portfolio is presented on a gross basis as regards the allowance for volume discounts granted by the Company to its customers.

The increase in the allowance for doubtful accounts were derived by an application consisting of the probability of default on recurring sales to the Company's customers. Moreover, with respect to cancellations, these were made by recovering the amount previously considered uncollectible and, to a lesser extent, by considering some accounts receivable that are legally irrecoverable. The Company has guaranteed its portfolio for $1,033,710 and $1,082,362 as of December 31, 2024 and 2023, respectively.

9. Inventories

	2024	2023
Finished goods	$ 3,591,097	$ 3,146,657
Work in process	291,743	223,436
Raw materials	1,094,567	1,106,739
Accessories and spare parts	929,519	627,055
	$ 5,906,926	$ 5,103,887

The amount of the inventories consumed and recognized as part of cost of sales for the years ended December 31, 2024 and 2023, amounted to $11,648,755 and $9,070,493, respectively.

Inventories recognized as an expense for the years ended December 31, 2024 and 2023 include $210,442 and $33,711, respectively, for write-off of inventory to their net realizable value, the lowest.

10. Other current assets

	2024	2023
Recoverable income taxes	$ 541,558	$ 196,045
Recoverable tax	336,963	90,606
Derivative financial instruments	4,751	1,155
Sundry debtors	431,953	234,504
Other	47,284	32,074
	$ 1,362,509	$ 554,384

11. Real estate inventories

	2024	2023
Undeveloped land	$ 92,915	$ 85,317
	$ 92,915	$ 85,317

12. Property, plant and equipment, net

	2024	2023
Land	$ 3,231,044	$ 3,158,989
Building and constructions	7,760,851	7,225,664
Machinery and equipment	17,567,150	15,861,875
Furniture and equipment	323,471	231,431
Vehicles	180,393	179,413
Computers	357,994	329,437
Investment in process	1,356,702	1,129,175
	30,777,605	28,115,984
Accumulated depreciation	12,441,932	10,806,839
	$ 18,335,673	$ 17,309,145

	Balances as of December 31, 2023	Acquisition from business combination	Translation effect	Inflationary effect	Additions	Depreciation and impairment	Disposals	Capitalization	Balance as of December 31,2024
Investments:									
Land	$ 3,158,989	$ -	$ 69,948	$ 2,302	$ -	$ -	$ 195	$ -	$ 3,231,044
Buildings and constructions	7,225,664	-	190,108	26,864	10,295	-	16,945	324,865	7,760,851
Machinery and equipment	15,861,875	-	512,339	220,424	222,579	-	249,011	998,944	17,567,150
Furniture and equipment	231,431	-	76,748	8	2,156	-	3,065	16,193	323,471
Transport equipment	179,413	-	2,529	2,121	2,987	-	10,317	3,660	180,393
Computer equipment	329,437	-	16,390	1,905	5,666	-	9,664	14,260	357,994
Investments in process	1,129,175	-	331,044	319,640	978,624	-	43,859	(1,357,922)	1,356,702
Total investments	28,115,984	-	1,199,106	573,264	1,222,307	-	333,056	-	30,777,605
Accumulated depreciation and impairment:									
Buildings and constructions	2,336,698	-	79,899	9,114	-	226,903	16,081	-	2,636,533
Machinery and equipment	8,037,721	-	458,410	13,833	-	897,730	213,398	-	9,194,296
Furniture and equipment	145,034	-	26,659	1	-	66,638	2,928	-	235,404
Transport equipment	22,917	-	2,260	1,663	-	50,417	8,919	-	68,338
Computer equipment	264,469	-	16,337	1,437	-	34,593	9,475	-	307,361
Total accumulated depreciation	10,806,839	-	583,565	26,048	-	1,276,281	250,801	-	12,441,932
Investments, net	$ 17,309,145	$ -	$ 615,541	$ 547,216	$ 1,222,307	$ (1,276,281)	$ 82,255	$ -	$ 18,335,673

	Balances as of December 31, 2022	Acquisition from business combination	Translation effect	Inflationary effect	Additions	Depreciation and impairment	Disposals	Capitalization	Balance as of December 31,2023
Investments:									
Land	$ 2,729,475	$ 411,822	$ 4,338	$ 3,975	$ 9,369	$ -	$ 21	$ 31	$ 3,158,989
Buildings and constructions	5,345,286	1,208,437	171,068	37,172	71,893	-	32,699	424,507	7,225,664
Machinery and equipment	12,619,035	1,030,550	(569,883)	160,956	220,755	-	263,212	2,663,674	15,861,875
Furniture and equipment	119,235	18,954	76,465	16	9,657	-	11,016	18,120	231,431
Transport equipment	149,856	30,648	(2,356)	2,208	8,829	-	12,250	2,478	179,413
Computer equipment	293,840	2,893	(16,172)	1,495	8,963	-	6,518	44,936	329,437
Investments in process	1,794,395	-	450,769	37,431	2,064,733	-	64,407	(3,153,746)	1,129,175
Total investments	23,051,122	2,703,304	114,229	243,253	2,394,199	-	390,123	-	28,115,984
Accumulated depreciation and impairment:									
Buildings and constructions	2,113,222	-	4,113	9,970	-	239,714	30,321	-	2,336,698
Machinery and equipment	6,715,156	-	906,298	57,586	-	635,428	276,747	-	8,037,721
Furniture and equipment	71,129	-	65,576	-	-	18,985	10,656	-	145,034
Transport equipment	21,374	-	(790)	453	-	10,258	8,378	-	22,917
Computer equipment	303,398	-	(11,326)	2,372	-	29,101	59,076	-	264,469
Total accumulated depreciation	9,224,279	-	963,871	70,381	-	933,486	385,178	-	10,806,839
Investments, net	$ 13,826,843	$ 2,703,304	$ (849,642)	$ 172,872	$ 2,394,199	$ (933,486)	$ 4,945	$ -	$ 17,309,145

During the years ended December 31, 2024 and 2023, the Company had unused capacity of 17.8% and 9.83%, respectively. On the other hand, the interest costs related to qualifying fixed assets as of December 31, 2024 and 2023 were not significant.

During the years ended December 31, 2024 and 2023, the Company recognized an impairment expense amounting to $126,233 and $124,096, respectively, mainly related to machinery and equipment.

13. Intangible assets, ne

		2024		2023
Brands	$	6,452,780	$	5,992,581
Goodwill		4,795,691		4,050,546
Mining concessions		234,717		280,656
Customer relations		733,769		734,737
Amortized intangible assets		205,790		283,053
	$	12,422,747	$	11,341,573

Cost	Brands	Goodwill	Total Unamortized Intangibles	Brands	Mining concessions	Customer Relations	Other assets amortizable	Amortized Intangibles	Total
Balances as of December 31, 2022	$ 5,238,175	$ 1,411,599	$ 6,649,774	$ 247,680	$ 296,444	$ 165,709	$ 337,350	$ 1,047,183	$ 7,696,957
Acquisitions	969,465	3,213,248	4,182,713	-	-	-	35,733	35,733	4,218,446
Adjustments	(248,581)	(248,102)	(496,683)	-	-	579,385	-	579,385	82,702
Conversion effect	(140,770)	(326,199)	(466,969)	(61,111)	(12,132)	-	(820)	(74,063)	(541,032)
Amortization	-	-	-	(12,277)	(3,656)	(10,357)	(89,210)	(115,500)	(115,500)
Balances as of December 31, 2023	5,818,289	4,050,546	9,868,835	174,292	280,656	734,737	283,053	1,472,738	11,341,573
Acquisitions	-	-	-	-	-	-	59,481	59,481	59,481
Conversion effect	440,668	745,145	1,185,813	38,628	(42,849)	72,795	(73,287)	(4,713)	1,181,100
Amortization	-	-	-	(19,097)	(3,090)	(73,763)	(63,457)	(159,407)	(159,407)
Balances as of December 31, **2024**	$ 6,258,957	$ 4,795,691	$ 11,054,648	$ 193,823	$ 234,717	$ 733,769	$ 205,790	$ 1,368,099	$ 12,422,747

As of December 31, 2024 and 2023, intangible assets with finite useful lives mainly refer to expenses of the Company related to the implementation of an enterprise resource planning ("ERP") system, which began amortization in the corresponding exercise that was put into operation.

For purposes of impairment tests, the non-amortizable intangible asset of brands and goodwill was assigned to the Company's following cash generating units ("CGU"):

	2024	2023
North America Ceramic Tiles	$ 4,174,094	$ 4,174,094
South America Ceramic Tiles:		
Chile	512,702	452,622
Peru	59,336	50,177
Colombia	696,768	674,396
Argentina	273,127	124,369
Roca Ceramic Tiles	679,258	197,621
Baldocer Ceramic Tiles	4,028,389	3,490,873
Insulators	630,974	630,974
	$ 11,054,648	$ 9,795,126

The following factors are considered to assess the recoverable value of the CGU for impairment test purposes:

- Market share and expected price levels.
- Size of the market where the CGU operates for estimation of recoverable value purposes.
- Behavior of primary costs of raw materials and input, and the necessary expenses to maintain fixed assets in conditions to be used.
- Future cash flows discounted at present value based on 5-year financial projections and growth in perpetuity from the last year, considering estimations as of the valuation date based on the budget approved by the administration, including the latest known trends in the business and industry. The discount rate based on the weighted capital cost and the market participants' variables to be considered.
- Perpetuity growth rate estimated based on the inflation of the economy where the Company operates.

The discount and perpetuity growth rates used for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Discount rate		
North America Ceramic Tiles	11.80%	10.10%
Insulators	12.10%	10.80%
South America Ceramic Tiles:		
Chile	10.00%	9.10%
Peru	9.90%	9.30%
Colombia	12.50%	11.80%
Argentina (1)	16.50%	17.80%
Roca Ceramic Tiles:		
United States	8.80%	6.80%
Spain (2)	-%	8.30%
Brazil	12.60%	11.40%
Baldocer Ceramic Tiles (2)	10.00%	-%
Perpetuity growth rate		
North America Ceramic Tiles	3.50%	4.06%
Insulators	3.50%	4.06%
South America Ceramic Tiles:		
Chile	2.40%	4.12%
Peru	2.30%	3.52%
Colombia	2.90%	5.62%
Argentina (1)	2.90%	2.30%
Roca Ceramic Tiles:		
United States	2.70%	2.68%
Spain (2)	-%	2.44%
Brazil	4.10%	4.10%
Baldocer Ceramic Tiles (2)	1.80%	-%

(1) The discount and perpetuity growth rates for the Argentina CGU are determined in real terms.
(2) During the year ended December 31, 2024, the Company made amendments to the grouping of its Roca and Baldocer CGUs, moving Roca España from the Roca CGU to the Baldocer CGU. The change was mainly due to:
- *Unification of operating and commercial processes for purposes of achieving cost efficiency and strengthening the commercial strategy.*
- *Production shutdown at the Roca España plant, resulting in the consolidation of production at Baldocer plants and integration of product storage spaces.*

For purposes of calculating the recoverable value of the cash generating units, pre-tax discount rates are used, which are applied to pre-tax cash flows. In addition, the perpetuity growth rate reflects a growth rate approximately equal to the estimated future annual inflation as of the sixth year of cash flows.

As a result of the tests performed, Management concluded that there were no impairment losses recognized during the year for intangible assets with indefinite lives.

Sensitivity to changes in key assumptions

As of December 31, 2024, the Company performed an individual sensitivity analysis to each key assumption of the impairment calculation in the North America Ceramic tiles and Baldocer Ceramic tiles CGUs, considering a 1% change in the discount rate and the perpetuity growth rate, as follows:

CGU	Book value of CGU	Difference between book value and value in use with rate sensitivity (1) Discount rate + 1%	Discount rate - 1%	Perpetuity growth rate + 1%	Perpetuity growth rate - 1%
North America Ceramic Tiles	$ 13,609,737	$ 19,984,124	$ 25,698,741	$ 24,860,889	$ 20,638,662
Baldocer Ceramic Tiles	$ 7,147,756	$ 7,772,435	$ 9,942,317	$ 9,618,524	$ 8,025,674

(1) The sensitivity analysis of the key assumptions in the impairment assessment of the CGUs considers all the tangible and intangible assets assigned to each of these units.

14. Other non-current assets

	2024	2023
Recoverable taxes	$ -	$ 62,622
Investments in associates	63,034	38,123
Account receivable selling part (Cerámica San Lorenzo and Cordillera)	46,916	39,142
Long-term advances	-	234,581
Expenses to be amortized	112,831	139,763
Other assets	108,671	143,891
	$ 331,452	$ 658,122

15. Other current liabilities

	2024	2023
Contributions and taxes payable	$ 217,846	$ 409,049
Freights payable	755,635	571,424
Energy payable	334,413	249,435
Statutory employee profit sharing (“PTU”)	284,830	329,561
Provisions	80,507	119,957
Dividends payable	192,011	156,538
Derivative financial instruments	-	51,896
Other accounts payable	388,778	542,442
	$ 2,254,020	$ 2,430,302

16. Bank deb

a. According to established credit contracts, the bank debt as of December 31, 2024 and 2023 is composed as follows:

	2024	2023
Syndicated bank loan (2019 "Club-Deal") denominated in US dollars and with a variable interest rate based on the 3-month LIBOR rate. The maximum surcharge paid was 1.60% in 2024, with principal maturities on different dates until 2026. (2) (3)	$ -	$ 2,402,256
Bank loan ("Club-Deal 2024"), denominated in Mexican pesos and with a variable interest rate based on the TIIE rate. The maximum surcharge paid in 2024 was 1.90%, with principal maturities at different dates until 2031. (2) (3)	2,000,000	-
Stock Certificates denominated in Mexican pesos and with a fixed interest rate of 9.12% based on the M-10 Bond rate and with principal maturity in 2029.	2,000,000	2,000,000
Bilateral bank loan contracted with BBVA, denominated in Mexican pesos and with a variable interest rate based on the 91-day TIIE rate. The maximum surcharge paid in 2024 was 1.85%, with principal maturities at different dates until 2031(2)	400,000	496,500
Bank loan ("Club-Deal 2022") denominated in US dollars and with a variable interest rate based on the three-month SOFR rate. The maximum surcharge paid in 2024 was 1.85%, with principal maturities at different dates until 2029. (2) (3)	1,621,464	1,942,753
Private placement denominated in US dollars with a fixed interest rate of 5.24% and the annual maturity of principal from 2031 through 2034. (2)	1,662,001	1,385,267
Revolving bank loan denominated in Mexican pesos and with a variable interest rate based on the 91-day TIIE rate. The maximum surcharge paid in 2024 was 1.50%	100,000	-
Syndicated bank loan, denominated in Euros and with a variable interest rate based on the 3-month EURIBOR. The maximum surcharge paid was 2.00% for 2024, with principal maturities at different dates until 2028 (1) (2)	6,457,230	5,606,880
Unsecured loan, denominated in US dollars at a fixed 8.30% rate with maturities at different dates until 2024.	-	330,796
Revolving bank loan denominated in Argentinian pesos with a maximum 38% rate maturing at different dates in 2025.	24,238	-
Unsecured loan, denominated in US dollars at a variable interest rate based on six-month SOFR plus a 3.00% surcharge, with maturities at different dates until 2027.	655,836	170,698
Unsecured loan, denominated in Euros at a variable interest rate based on the 3-month EURIBOR pls a 0.60% maximum surcharge, with maturities at different dates until 2025	42,112	186,669
Unsecured loan denominated in US dollars and with a variable interest rate based on the SOFR rate plus a maximum surcharge of 2.50% for 2023 and 2.90% for 2024 with maturities on different dates until 2026.	1,062,776	953,166
Unsecured revolving loan denominated in euros with a variable interest rate based on the Euribor rate plus a surcharge of between 0.40% and 1.80% and with maturities on different dates until 2029.	403,155	429,449
Total bank debt	16,428,812	15,904,434
Costs incurred to issue and obtain debt	(94,401)	(108,648)
Total bank debt, net	16,334,411	15,795,786
Current portion	(1,414,368)	(1,449,863)
Long term debt	$ 14,920,043	$ 14,345,923

(1) In October 2023, the Company obtained a syndicated loan of EUR 300,000 with the involvement of ten banks, which was used in the acquisition of Baldocer.
(2) Unsecured loans guaranteed by a group of the Company's subsidiaries, which represent approximately 65% of total consolidated assets and "EBITDA" for the last twelve months of each fiscal quarter. EBITDA is defined as operating profit plus depreciation, amortization, and impairment of long-lived assets.
(3) In May 2024, the Company contracted financing for $2,000,000 MXP to prepay the Club-Deal 2019 loan denominated in US dollars, for purposes of improving the maturity profile and convert part of the debt from US dollars to Mexican pesos.
(4) In December 2024, the Company made a US$35,000 prepayment of principal.

As of December 31, 2024, the maturities of the non-current debt, net of the costs incurred to issue and obtain debt are as follows:

Years	Principal	Unaccrued interest [1]
2026	$ 1,695,968	$ 941,714
2027	3,220,232	845,147
2028	3,962,828	651,064
2029	2,745,732	494,884
2030	309,440	266,377
2031	1,741,743	150,852
2032	414,540	54,431
2033	414,540	32,658
2034	415,020	10,886
	$ 14,920,043	$ 3,448,013

(1) Interest is determined based on variable and fixed rates at the end of the period.

TIIE, SOFR and EURIBOR interest rates were as follow:

Year	TIIE %	SOFR %	EURIBOR %
2024	10.2440	4.3051	2.714
2023	11.5035	5.3301	3.909

Certain restrictions are included in some clauses of the long-term debt agreements of the Company as well as the obligation to maintain certain financial ratios. Such restrictions have been met as of December 31, 2024 and 2023.

17. Leases

Right-of-use assets, net

The Company leases certain fixed assets, including buildings, machinery, transportation equipment, and computer equipment. As of December 31, the average term of the leases is 7 years.

a) The right-of-use recognized in the consolidated statement of financial position as of December 31, 2024 and 2023 is integrated as follows:

	Transport equipment	Buildings	Computer equipment	Machinery and equipment	Total
Initial balance as of December 31, 2022	$ 51,202	$ 666,894	$ 1,018	$ 129,232	$ 848,346
New contracts	60,985	20,881	1,400	40,476	123,742
Depreciation of the year	(29,802)	(120,468)	(689)	(71,827)	(222,786)
Balance as of December 31, 2023	82,385	567,307	1,729	97,881	749,302
New contracts	35,555	468,588	1,532	1,051	506,726
Depreciation of the year	(37,714)	(148,552)	(852)	(63,262)	(250,380)
Final balance as of December 31, 2024	$ 80,226	$ 887,343	$ 2,409	$ 35,670	$ 1,005,648

b) Amounts recognized in the condensed consolidated statement of income for the year ended December 31, 2024 and 2023:

	2024	2023
Low value lease rent expense	$ 14,712	$ 13,026
Short-term lease rent expense	$ 35,248	$ 33,386

Lease liability

As of December 31, 2024 and 2023, the changes in the lease liability that derive from financing activities according to the cash flow are integrated as follows:

		2024		2023
Initial balance	$	820,098	$	891,216
Interest expense on lease liabilities		39,094		39,942
Lease payments		282,142		234,802
New contracts		506,726		123,742
Final balance	$	1,083,776	$	820,098

Total future minimum lease payments, which includes unearned interest, are analyzed as follows:

	December 31,			
		2024		2023
Less than 1 year	$	227,920	$	219,564
More than 1 year		976,911		658,678
Total	$	1,204,831	$	878,242

18. Employee benefits

a) The main assumptions used for actuarial calculations of defined benefit plans:

	2024	2023
Discount of projected benefit obligation at present value	10.50%	9.75%
Salary increase	6.75%	6.00%

The sensitivity analysis of the discount rate used to determine defined-benefit labor obligations, while considering that all other assumptions remain constant, is as follows:

		2024		2023
Discount rate - 0.50%	$	780,348	$	745,972
Discount rate + 0.50%		(724,445)		(701,308)

The determination of the discount rate applied to the Company's labor obligations utilizes estimated future annual cash flows as its basis, which are determined by using zero coupon rate government M bonds for a period of 20 years, while also considering workers' average working life.

b) The effects recognized in the consolidated statements of other comprehensive income ("OCI") for 2024 and 2023 are as follows:

	Net income		OCI
2024	Current service cost	Net interest	Actuarial remeasurements [1]
Pension and retirement plans	$ 46,321	$ 29,144	$ 38,079
Seniority premium	4,677	31,223	(24,868)
Total	$ 50,998	$ 60,367	$ 13,211

2023	Current service cost	Net interest	Actuarial remeasurements [1]
Pension and retirement plans	$ 27,740	$ 25,068	$ 10,696
Seniority premium	11,642	27,903	13,390
Total	$ 39,382	$ 52,971	$ 24,086

(1) The actuarial re-measurements of the defined benefit liability are presented net of income tax.

For the years ended in December 31, 2024 and 2023, $50,998 and $39,382 of costs for services, respectively, have been included in the consolidated statements of income as part of cost of sales and operating expenses. The remeasurement of the liability for defined benefits recognized in other comprehensive income items is as follows:

	2024	2023
Amount accumulated in OCI at the beginning of the period, net of taxes	$ 200,232	$ 176,146
Actuarial remeasurements	18,873	34,409
Tax effect	(5,662)	(10,323)
Amount accumulated in OCI at the end of the period, net of taxes	$ 213,443	$ 200,232

c) Changes in the defined benefit obligation for pension and retirement plan and seniority premium plan:

Pension and retirement plan		2024		2023
Opening balance	$	393,029	$	370,514
Service cost		46,321		27,740
Interest cost		29,144		25,068
Actuarial losses		54,399		15,281
Benefits paid		(64,754)		(45,574)
Ending balance	$	458,139	$	393,029

Seniority Premium		2024		2023
Opening balance	$	341,939	$	299,774
Service cost		4,677		11,642
Interest cost		31,223		27,903
Actuarial (gains) losses		(35,526)		19,128
Benefits paid		(28,879)		(16,508)
Ending balance	$	313,434	$	341,939
Total liability for defined benefits	$	771,573	$	734,968

The average of the benefit obligation at December 31, 2024 and 2023 is 6.63 and 6.29 years, respectively.

19. Stockholders' equity

a. The minimum fixed capital stock, without the right to withdrawal, is composed by ordinary, nominative shares, without the expression of nominal value and the variable capital by ordinary, nominative shares, without the expression of nominal value. All shares are freely subscribed.

	2024	2023
	Number of shares	
Minimum fixed capital stock	360,000,000	360,000,000
Variable capital	25,843,423	25,843,423
	385,843,423	385,843,423

b. According to the current stock market regulations in effect and the Company's by-laws, each year the Annual Ordinary Stockholders' Meeting approves the maximum amount of resources that the Company can allocate to the acquisition of shares of its capital stock. The maximum amount of resources approved for 2024 and 2023 at the Annual Stockholders' Meetings held on March 13, 2024 and March 15, 2023 amounted to $2,000 million Mexican pesos for 2024 and 2023. In relation to the years ended December 31, 2024 and 2023 the Company carried out operations with shares of its capital stock balance, corresponding to the Purchase of treasury stock of 42,933,234 and 40,208,433 representative shares of its capital stock, respectively.

c. At the general stockholders' meetings held on March 13, 2024, dividends were declared for $621,214 from the net tax income account (CUFIN), equivalent $1.80 Mexican pesos per share.

d. At the general stockholders' meetings held on March 15, 2023, dividends were declared for $508,493, from the net tax income account (CUFIN), equivalent $1.45 Mexican pesos per share.

e. Retained earnings include the statutory legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical pesos). The legal reserve may be capitalized but may not be distributed unless the Company is dissolved. The legal reserve must be replenished if it is reduced for any reason. At December 31, 2024 and 2023, the legal reserve, in historical pesos, was $480.

f. Stockholders' equity, except restated paid-in capital and tax-retained earnings, will be subject to income tax payable by the Company at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income tax payable of the year in which the tax on the dividend is paid and the two fiscal years following such payment against the tax of the year and the provisional payments.

g. The balances of the stockholders' equity tax accounts are:

	2024	2023
Contributed capital account	$ 508,603	$ 488,056
Net tax income account (CUFIN)	45,146,841	27,286,943
Total	$ 45,655,444	$ 27,774,999

h. Items of other comprehensive income consist of the following:

Derivative financial instruments valuation

The effective portion of the gains or losses arising from the measurement of financial instruments designated as cash-flows accounting hedges, net of income taxes, is recognized in other comprehensive income.

Actuarial remeasurements of defined benefit obligations

Actuarial remeasurements are recognized as other components of comprehensive income. During the period, the actuarial remeasurements corresponded solely to variations in actuarial assumptions for both the labor liability and the plan assets and are presented net of income taxes.

Effects of foreign currency translation

This reserve is generated by converting the financial statements from functional to reporting currency of the foreign subsidiaries. This effect is not subject to deferred taxes calculation since the Company controls the time of the temporary difference reversal and it is not probable that such temporary difference will be reversed in the foreseeable future. During the period, there were no other movements that affect the accumulated balance of this reserve.

i. **Capital Management -** For capital Management purposes, the Company considers, in addition to stockholders' equity and the items thereof, all the financing sources both internal and external, including liabilities with costs resulting from contracting short-term and long-term debt. Similarly, investment in working capital is considered by including items such as customers, inventories and suppliers, as well as cash and cash equivalents.

The Company is subject to financial obligations as a result of having contracted certain loans. The main obligations contained in these contracts are described below [1]:

The Company must comply with certain financial ratios, which have the same parameters for the following loans:

- Loan ("Club-Deal") in 2022 in U.S. dollars.
- Bilateral loan in Mexican pesos with BBVA in 2022.
- Private issuance in U.S. dollars in 2022.
- Syndicated bank loan in euros in 2023.
- Loan ("Club-Deal") in 2024 in Mexican pesos.

Coverage Ratio of consolidated interest (EBITDA financial ratios [2] / Financial Expenses) Greater than or equal to 3.0 times.

Consolidated Leverage Ratio (Net Debt / EBITDA financial ratios [2]) Less than or equal to 3.5 times.

To calculate these ratios, the amounts are translated into U.S. dollars using the average exchange rate for the corresponding period.

(1) *According to the contracts, financial covenants are determined using figures from the financial statements under IFRS.*
(2) *EBITDA is defined as the operating income added to depreciation and amortization and other items such as statutory employee profit sharing, doubtful accounts estimate, inventory write-downs, employee obligations, and impairment for long-lived assets.*

During 2024 and 2023, the Company carried out the Management of its capital by observing those requirements, fully complying with all its financial commitments and showing ratios with better performance to those previously described.

The Company is not subject to financial obligations derived from the issuance of stock certificates ("CEBURES").

Below are some of the major items that are considered for the Management of the Company's capital as of December 31, 2024; a prior year comparison is presented below.

		2024		2023
Total debt	$	17,418,187	$	16,615,884
Cash and cash equivalents		694,574		1,280,236
Net debt		16,723,613		15,335,648
Stockholders' equity		18,155,602		16,124,749
Leverage measured as net debt to stockholders' equity		0.92		0.95
Total debt main items:				
Long-term debt	$	16,428,812	$	15,904,434
Lease liability		1,083,776		820,098
Debt issuance and borrowing costs		(94,401)		(108,648)
Total debt	$	17,418,187	$	16,615,884

The generation of operating cash flows helped the Company meet its debt maturities scheduled for the year.

20. Operating expenses

		2024		2023
Selling	$	6,761,534	$	5,823,975
Administrative		2,384,875		2,436,442
Total	$	9,146,409	$	8,260,417

21. Expenses and costs based on their nature

Cost of goods sold, and operating expenses classified by their nature are as follows:

		2024		2023
Raw materials and service costs	$	14,209,535	$	13,333,039
Salaries and benefits		3,346,411		2,440,257
Energy and fuel consumption		3,206,875		2,666,500
Freight expenses		3,143,717		2,896,662
Depreciation and amortization		1,559,835		1,149,933
Maintenance		1,312,727		1,363,552
Technical assistance, professional fees, and administrative services		444,106		318,995
Advertising, events, and business promotion expenses		427,997		404,629
Commissions		336,559		227,492
Lease expenses		155,680		234,802
Travel expenses		119,319		87,502
Other		791,991		1,388,494
Total	$	29,054,752	$	26,511,857

22. Contingencies and commitments

The Company's assets are not subject to any pending legal proceedings that could result in a contingency, except for certain regular or incidental legal actions filed against its business and for which it is either adequately insured or the amounts in question are immaterial.

23. Income taxes

a. The Company is subject to income tax ("ISR") at a 30% in Mexico as of December 31, 2024 and 2023. The legal ISR rates applicable in the countries in which the Company's main subsidiaries are located as of December 31, 2024, and 2023, are as follows:

Country	Rate
Colombia	35.0%
Colombia – Duty free zone	15.0%
Peru	29.5%
Chile	27.0%
United States	21.0%
Brazil	34.0%
Spain	25.0%
Argentina	35.0%

b. The Company incurred income taxes on a consolidated basis up to 2013 with its Mexican subsidiaries. As a result of the 2013 tax reform, the tax consolidation regime was eliminated, and the Company and its subsidiaries have the obligation to pay the deferred income tax determined as of that date during the subsequent five years beginning in 2014, as illustrated below, except for the income tax losses related to the sale of shares, which had a 10-year term period and was paid in 2023.

At the same time that the 2014 Mexican Law repealed the fiscal consolidation regime, an option was established to calculate the income tax jointly in groups of companies (tax integration regime). The new regime allows for the case of integrated companies owned directly or indirectly by more than 80% by an integrating company, to have certain benefits in the tax payments (when within the group of companies there are entities with profits or losses in the same year), which may be deferred for three years and be up-to-date, on the date on which the declaration corresponding to the fiscal year following the one in which the aforementioned period ends is to be filed.

The Company and its subsidiaries decided to adhere to this new regime, and therefore they have determined the income tax incurred in 2014 as described previously.

Reconciliation of income tax assets and liabilities balances as of December 31, 2024, and 2023, are as follows:

	Income tax liabilities			
Item:		**2024**		2023
Recognition of:				
Income tax	$	-	$	36,835

c. Income taxes for 2024 and 2023 consist of the following:

		2024		2023
Current income tax	$	765,431	$	1,457,443
Deferred income tax		(195,542)		243,910
Total	$	569,889	$	1,701,353

d. The reconciliation of the statutory and effective income tax rates, expressed as a percentage of income before income taxes in 2024 and 2023 is:

	2024	2023
	%	
Effective rate	81.3	34.3
Effect of inflation	(26.5)	(3.5)
Non-deductibles	(7.9)	(0.7)
Others	(16.9)	(0.1)
Statutory rate	30.0	30.0

OCI amounts and items and deferred taxes affected during the period are:

		Amount before income taxes		Income taxes in OCI		Amount net of income taxes
Derivative financial instruments	$	(13,211)	$	3,963	$	(9,248)
Remeasurement of defined benefits obligation		(18,873)		5,662		(13,211)
Cumulative translation adjustment of foreign operations		2,881,971		-		2,881,971
	$	2,849,887	$	9,625	$	2,859,512
As of December 31, 2023:						
Derivative financial instruments	$	(144,204)	$	43,260	$	(100,944)
Remeasurement of defined benefits obligation		(34,409)		10,323		(24,086)
Cumulative translation adjustment of foreign operations		(1,577,214)		-		(1,577,214)
	$	(1,755,827)	$	53,583	$	(1,702,244)

e. The main items that give rise to a deferred income tax balance, as of December 31, are:

		2024		2023
Allowance for doubtful accounts	$	12,561	$	14,298
Provisions		71,872		62,663
Employee benefits		35,239		35,335
Tax loss carryforwards		740,581		588,147
Interest to be deducted		333,873		183,220
Inventories		(180)		(169)
Property, plant and equipment		1,655		(44,738)
Intangible assets		(312)		(1,741)
Financial instruments		(54,318)		(56,924)
Cost of obtaining debt		(23,863)		(27,640)
Other		(36,114)		224,470
Deferred tax asset, net	$	1,080,994	$	976,921
Allowance for expected credit losses	$	13,845	$	14,260
Provisions		206,248		238,851
Employee benefits		82,722		86,282
Benefits from tax loss carryforwards		147,490		246,633
Property, plant, and equipment		(906,404)		(811,352)
Inventories		(30,726)		(38,516)
Intangible assets		(1,605,994)		(1,515,594)
Prepaid expenses		-		(282,892)
Others		(400,903)		(406,633)
Deferred income tax liability, net	$	(2,493,722)	$	(2,468,961)

The benefits of restated tax loss carryforwards for which the deferred income tax asset has been recognized can be recovered subject to certain conditions. Expiration dates and restated amounts as of December 31, 2024 are:

Year		Amoun
2026	$	611,987
2027		94,826
2028		307,695
2029		793,307
2030		577,493
2031 and subsequent years		627,841
	$	3,013,149

24. Related party balances and transactions

a. The transactions with related parties as of December 31, 2024 and 2023 were as follows:

		2024		2023
Sales of finished goods	$	17,985	$	22,274
Lease income		9,297		9,297
Other operating income, net		3,447		4,285

b. For the years ended December 31, 2024 and 2023, the direct short-term benefits granted to the key management personnel of the Company for $172,362 and $227,082, respectively.

25. Long-term provisions

Long-term provisions shown in the Company's financial position mainly represent legal affairs with third parties and authorities to the detriment of one of the subsidiaries in Argentina, which will probably give rise to outflow of economic resources, which are not expected to be realized in the following twelve months. Once these issues are entirely solved, the Company will be indemnified by the seller under the share purchase-sale agreement for the shares of Cerámica San Lorenzo and Cordillera.

26. Information by operating segments

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods provided. These segments are managed separately; each requires its own system of production, technology, and marketing and distribution strategies. Each market serves to different customer bases.

Transactions between segments are determined based on comparable prices to those that would be used with or between independent parties in comparable transactions.

The accounting, administrative and operating policies are the same as those described by the Company, which evaluates the performance of its segments based on operating income. Sales and transfers between segments are recorded in each segment as if they were made to third parties, i.e. at market prices.

The Company's main products by segment are as follows:

Segment:	Main products:
Ceramic	Floor tiles, Wall tiles
Adhesive and insulating	Adhesives for floors and walls, and manufacture of EPS

Corporate division and others: include the remaining companies operating in services businesses and other segments that are not reportable because they do not fulfill the quantitative limits of the years presented and are therefore presented in an aggregate manner.

The Company's segments to be reported pursuant to IFRS 8, *Operating Segments*, are as follows:

As of and for the year ended December 31, **2024**:	Ceramic	Adhesives and insulating	Corporate and other	Consolidated
Sales	$ 27,622,402	$ 10,233,801	$ 2,241,153	$ 40,097,356
Intercompany sales	(3,507,683)	(403,075)	(2,241,153)	(6,151,911)
Net sales to third parties	24,114,719	9,830,726	-	33,945,445
Operating income (loss)	2,477,748	2,112,768	(68,175)	4,522,341
Depreciation and amortization	1,369,341	223,927	92,800	1,686,068
EBITDA	3,847,089	2,336,695	24,625	6,208,409
Other miscellaneous expenses that do not generate cash flow	294,815	118,066	42,241	455,122
Acquisition of property, plant and equipment and intangible assets	919,329	295,462	66,997	1,281,788
Total assets	35,342,882	5,157,378	6,645,016	47,145,276
Total liabilities	11,889,678	2,197,356	14,902,640	28,989,674

As of and for the year ended December 31, 2023:	Ceramic	Adhesives and insulating	Corporate and other	Consolidated
Sales	$ 24,680,662	$ 9,757,481	$ 2,288,659	$ 36,726,802
Intercompany sales	(2,478,063)	(388,345)	(2,288,540)	(5,154,948)
Net sales to third parties	22,202,599	9,369,136	119	31,571,854
Operating income (loss)	2,938,120	2,116,418	(122,794)	4,931,744
Depreciation and amortization	963,462	212,324	98,243	1,274,029
EBITDA	3,901,582	2,328,742	(24,551)	6,205,773
Other miscellaneous expenses that do not generate cash flow	275,254	127,006	20,450	422,710
Acquisition of property, plant and equipment and intangible assets	1,952,179	156,110	74,583	2,182,872
Total assets	33,458,671	4,797,417	5,560,370	43,816,458
Total liabilities	11,563,939	2,068,986	14,058,784	27,691,709

Information by geographic region

The information of the Company by geographic region is presented below. Income from external customers was classified based on its origin.

	As and for the year ended December 31, 2024			
	Revenues from third party customers	Property, plant, and equipment, net	Intangible assets, net	Non-current assets
North America	$ 23,247,974	$ 11,394,723	$ 12,105,445	$ 2,035,853
Central America	260,476	2,153	-	11,313
South America	6,398,678	5,789,630	279,359	442,775
Europe	4,038,317	1,149,167	37,943	169,645
	$ 33,945,445	$ 18,335,673	$ 12,422,747	$ 2,659,586

	As and for the year ended December 31, 2023			
	Revenues from third party customers	Property, plant, and equipment, net	Intangible assets, net	Non-current assets
North America	$ 23,485,962	$ 11,505,526	$ 10,235,602	$ 1,762,485
Central America	251,583	12,404	-	872
South America	6,768,204	4,646,238	264,547	695,840
Europe	1,066,105	1,144,977	841,424	40,262
	$ 31,571,854	$ 17,309,145	$ 11,341,573	$ 2,499,459

27. Subsequent events

In preparing the consolidated financial statements, the Company has evaluated events and transactions for their subsequent recognition or disclosure as of December 31, 2024 and until January 31, 2025 (date of issuance of the consolidated financial statements), no other significant subsequent events have been identified.

28. Authorization of financial statements

On January 31, 2025, the issuance of the consolidated financial statements was authorized by Federico Toussaint Elosúa, Chief Executive Officer, and Jorge Antonio Touché Zambrano, Chief Financial Officer. These consolidated financial statements are subject to the approval of the ordinary stockholders' meeting, where they may be modified, based on the provisions set forth by the General Corporate Law.