Tomas Gonzalez Sada
Chairman of the Board
and Chief Executive Officer

TO OUR SHAREHOLDERS

In 2024, CYDSA made progress in its Competitiveness and Growth Strategy, strengthening a Business Portfolio that assures medium- and long-term Sustainable Profitability, allowing continued improvement in operational and financial areas, and reducing the effects of unfavorable and mainly externally driven circumstances, expected to be temporary. In 2024, the Group deployed best practices in all areas of the Organization to attain record sales and generate its second highest operating cash flow (EBITDA) since 2010, the year CYDSA initiated its process to reconfigure and solidify its business portfolio.

The three main achievements in 2024, listed below, materially impacted the Group's development:

1 Operating Cash Flow, or EBITDA, refers to Earnings before the All-In Results of Financing, Income Taxes, Discontinued Operations, and Depreciation and Amortization. EBITDA is equal to Operating Income plus charges that do not impact cash outlays.

Consolidated Sales of

15,039

million pesos

▲6.2%

- ## Significant Increase of Production Capacity at the Chlorine, Caustic Soda, and Related Specialties Business.

Previous reports outlined progress in the stages initiated in January 2020 to construct a new plant for the production of chlorine and caustic soda in Coatzacoalcos, Veracruz, using the best available technology in terms of energy efficiency and environmental impact.

CYDSA contracted this plant as a turnkey project, hiring a Chinese company that provided the technology and built a significant proportion of the facilities. At the end of 2024, the project demonstrated that annual production capacity of IQUISA Coatzacoalcos should successfully increase from 90,000 to 220,000 ECUs[2].

The increased capacity implies potential annual production of 220,000 tons of chlorine, and 248,000 tons of caustic soda, allowing significant progress in the consolidation of the Chlorine, Caustic Soda, and Related Specialties Business. In total, including the Santa Clara and Noreste plants, the Group effectively raised its annual production capacity by almost 70% from 192,000 to 322,000 ECUs, strengthening its role as a fundamental base for CYDSA's growth.

- ## Projects to Optimize Capacity of the Electricity and Steam Cogeneration Business.

As previously mentioned, the Electricity and Steam Cogeneration Business developed four initiatives to resolve various problems related to flaws in the plants' design and supply of natural gas used to fire the turbines.

The advanced technology used in two of these initiatives received international recognition and had patents awarded; this included an important project completed in 2024. This innovative project uses cooling systems to increase total generation capacity to 128 MW, surpassing the original design of 114 MW by 12%.

As for the supply of natural gas, the Business installed a technology designed to ensure stable pressure of this hydrocarbon used to fire the turbines.

2 Electrochemical Units = 1 Ton of Chlorine + 1.128 Tons of Caustic Soda.

- ## Transactions to Decrease Financial Costs and Improve the Debt Maturity Profile.

In 2024, CYDSA continued its progress on key financial objectives, undertaking various transactions that optimized its Bank and Notes Debt structure and improved its maturity profile.

Through this initiative, the debt balance at the end of 2023 moved from US$694 million, comprising 65% dollar-denominated instruments and 35% in Mexican pesos, to US$712 million at year end 2024, with 49% in dollars and 51% in pesos.

Implementing this strategy required six transactions, conducted in four stages. As explained in a later section of this report related to Financing Sources, this process included US$79 million in Senior Notes acquired; a new loan of 1,359 million pesos; and three new short-term obligations totaling 2,157 million pesos, subsequently refinanced almost completely through medium-term credit facilities.

As such, the debt balance at year end 2024 reflected more favorable conditions with regard to terms, cost and flexibility compared to the same characteristics in 2023.

The combination of these three achievements continued to strengthen CYDSA's Business Portfolio and further optimized its financial position.

The Group will implement new strategies based on the above initiatives, improving the competitive position of the Portfolio, both the traditional Chemicals Manufacturing and Specialties Businesses, as well as the more recent Energy Processing and Logistics Businesses.

CYDSA's Management believes the Organization possesses the necessary capabilities to address any future challenges. The Group will continue to focus on medium- and long-term Sustainable Profitability, creating value for its shareholders.

The following sections discuss the results and progress made in 2024[3]:

- **Sales and Income**
- **Operating Cash Flow (EBITDA)**
- **Financing Sources**
- **Cash Flow**
- **Outlook**

3 Unless stated otherwise, numbers are presented in current pesos, while numbers stated in foreign currency are in US dollars.

Sales and Income[4]

In 2024, CYDSA's sales benefitted from the increased production capacity of its new chlorine and caustic soda plant in Coatzacoalcos, Veracruz. Furthermore, the Group expanded the presence of some product lines in domestic markets, primarily in the Salt for Household Consumption and Industrial Applications Business.

As a result, domestic sales rose to 13,649 million pesos in 2024, 6.2% higher than the 12,855 million reported in 2023. In international markets, the increase in shipments of chlorine positively impacted Export Sales, totaling US$76 million in 2024, 4.4% higher than the US$73 million reported in the prior year.

In total, **CYDSA's 2024 Consolidated sales rose 6.2% to 15,039 million pesos,** up from 14,160 million pesos in 2023, as shown in the following graph. The Economic Environment section of this Report (page 25) also states that the average exchange rate of 18.32 pesos per dollar in 2024 depreciated 3.3% from the comparable number of 17.74 pesos in the prior period. Thus, **CYDSA's Consolidated Sales totaled an equivalent of US$821 million in 2024, 2.7% higher** than the US$799 million reported in 2023.

Cost of Sales plus Sales and Administrative Expenses totaled 12,196 million pesos, a 12.1% rise over the comparable 10,884 million reported in 2023. This increase arose from higher usage of energy, raw materials and freight, additional expenditures for salaries and maintenance, and new depreciation charges. The increase in these costs and expenses primarily reflected higher production capacity in the new Plant in Coatzacoalcos, Veracruz, and therefore, additional distribution of chlorine and caustic soda in domestic and international markets. Furthermore, Other Operating Expenses in 2024 registered a negative 272 million pesos, due mainly to the value of fixed assets written off from the operation, compared to the 110 million pesos charged the previous year.

4 In order to comply with the guidelines of the Mexican Stock Exchange (Bolsa Mexicana de Valores - BMV), as of 2012, financial reports released to the investing public must follow the rules established by International Financial Reporting Standards (IFRS).

The rise in sales could not offset this increase in costs and expenses, primarily due to the impact of lower international prices for chlor-alkaline chemicals and various internal and external circumstances that temporarily suspended operational continuity and reduced efficiency in some of the Group's Businesses. Due to these circumstances, **Operating Income[5] in 2024 fell 18.8% to 2,571 million pesos, equivalent to 17.1% of Sales,** compared to the 3,166 million in 2023, representing 22.4% of Sales.

The Net Financial Expense of 1,064 million pesos in 2024 increased by 561 million pesos, from 503 million in 2023. This figure reflects both higher Interest Expenses and lower capitalization of Financial Expenses upon the commencement of operations of certain investments previously in progress, financed through Bank Debt.

The final entries on the 2024 Income Statement show a negative 10 million pesos for Share in Results of Associated Companies and Net Discontinued Operations, as well as 993 million pesos in Income Taxes. As a result, **Net Profit totaled 504 million pesos, or 3.4% of 2024 Sales,** compared to Net Profit of 2,125 million, or 15.0% of Sales in 2023.

Management's Discussion and Analysis of the Financial Statements of this Report (page 63) explain the composition of the different items and other key aspects of the Income Statement.

Operating Cash Flow (EBITDA)

CYDSA's 2024 Operating Cash Flow of 4,121 million pesos decreased by 2.6%, or 108 million pesos, from the 4,229 million reported in 2023. EBITDA **in dollar terms, equivalent to US$226 million,** decreased US$12 million, or 5.0% from the US$238 million reported in the prior year. The following graph depicts these results, as well as the **EBITDA Margin on Sales of 27.4% in 2024,** as compared to the 29.9% reported in the previous period.

The US$12 million reduction in EBITDA to US$226 million in 2024 reflects two favorable and two negative factors:

- **First favorable factor: US$18 million increase due to improved commercialization of some product lines in the Salt for Household Consumption and Industrial Applications, and the operation in the LP Gas Underground Storage Business.**

  The Salt for Household Consumption and Industrial Applications Business sells edible natural salt and complementary products in various types of packages and markets. In 2024, the Business focused its sales strategies on increasing presence in higher value market segments, in both domestic and international markets, thereby improving its profit margins.

5 Operating Income (EBIT) is obtained by subtracting Sales Costs and Expenses, Administrative Expenses, and Other Revenues and Expenses from Net Sales

Operating Cash Flow (EBITDA)
(Millions of Pesos)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Millions of Dollars	75	81	121	163	159	147	147	176	238	226 (▼5.0%)
Operating Cash Flow (EBITDA)/ Consolidated Sales	21.4%	21.7%	24.9%	29.4%	29.1%	29.1%	26.3%	26.0%	29.9%	27.4%

Additionally, the operation of the Hydrocarbons Underground Storage Business partially eased the unfavorable effect of lower sales of refrigerant gases. Consequently, the combination of these factors led to a US$18 million increase in CYDSA's EBITDA.

- **Second favorable factor: Increase of US$10 million, arising from increased production capacity in the Chlorine, Caustic Soda and Related Specialties Business, excluding energy costs.**

This report previously mentioned the implementation of the strategy to improve the competitiveness of the Chlorine, Caustic Soda and Related Specialties Business. Initiated in 2020, the strategy aimed to increase installed capacity by constructing a new plant in Coatzacoalcos, Veracruz, using the most advanced technology for efficient energy consumption and minimal environmental impact. In 2024, the final stages of the strategy reached near completion and substantially increased annual production capacity, rising from 192,000 ECUs in 2022 to 322,000 in 2024. This added chlorine and caustic soda manufacturing capacity drove higher production volume and product sales, although internal and external conditions resulted in operational interruptions of various processes across the year.

The additional manufacturing more than compensated for the decrease in international prices of chlor-alkali products used as a reference for Mexican prices. The higher capacity led to an increased contribution margin, excluding energy costs, and added US$10 million to CYDSA's EBITDA.

In summary, improved sales margins, when excluding energy costs, generated a total EBITDA increase of US$28 million, partially offset by the following two unfavorable factors.

- **First unfavorable factor: US$22 million increase in energy costs.**

  Under normal circumstances, the Electricity and Steam Cogeneration Business's plants satisfy the electricity and steam needs of the Group's Industrial Center in Coatzacoalcos, Veracruz, and also provide energy required by some production plants at other CYDSA facilities through the transfer of electricity to the Federal Energy Commission (CFE)'s energy grid.

  Previous annual reports mentioned several projects that addressed, and even improved, flaws of the original design, achieving continuous, effective and efficient operation of the two plants. In 2024, various events out of the Group's control suspended a significant amount of total cogeneration capacity; one such incident occurred in the final months of the year and remained unresolved at year end.

  These unfavorable circumstances required the procurement of energy from external sources, with an increase of electricity acquired from the CFE at prices substantially higher than production costs, as well as the production of steam in boilers, fueled by additional natural gas. Furthermore, in conducting the Group's maintenance programs, one turbine required uninstallation for refurbishment by the manufacturer, leading to higher fixed costs. In total, the extraordinary costs of electricity acquired from the CFE, the consumption of natural gas needed to produce steam, and the major maintenance of a turbine, resulted in an increase in energy costs that reduced CYDSA's EBITDA by US$22 million.

- **Negative impact of US$18 million in Fixed Costs due to four unfavorable or non-recurring circumstances.**

  A key aspect in improving the Group's competitive position came from the implementation of strategies focused on reducing fixed cash costs in the Businesses and the Corporate Support Areas by improving the efficiency of production processes and enhancing the productivity of administrative functions.

Increased the installed capacity of chlorine and caustic soda by constructing a new plant in Coatzacoalcos, Veracruz, using the most advanced technology for efficient energy consumption and minimal environmental impact

Even with consistent implementation of this strategy, 2024 presented four unfavorable situations, both external and internal.

1. A relatively high 4.2% annual inflation rate that put upward pressure on the prices of various products and services.

2. Some changes in Labor Laws aimed at improving workers' conditions including, among others, an increase in vacation days and the reduction of work shifts, required increasing some components of salaries and consequently, labor costs.

3. As usually happens in large and complex projects, initiatives to optimize the production capacity of chlorine and caustic soda, as well as electricity and steam cogeneration, presented various external and internal situations that disrupted the continuity of operations and limited production levels. Despite the implementation of appropriate requirements to manufacture at new capacities, including personnel and other support elements, sales did not meet target, and could not compensate for these related costs.

4. Finally, in 2024, accounting of new companies and non-recurring transactions generated additional fixed cost charges.

Thus, the inflationary rate, the changes in Labor Laws, the delay in continuous operation of significant projects, and the consolidation of additional and non-recurring expenses, increased Fixed Costs and reduced CYDSA's EBITDA by US$19 million.

In conclusion, the US$28 million generated by the two positive effects declined US$40 million, mainly due to increased energy and fixed costs, and caused CYDSA's 2023 EBITDA of US$238 million to decrease by US$12 million in 2024, to reach US$226 million in EBITDA generated in 2024.

Nevertheless, the Group sees the adverse circumstances in 2024 as transitory, and primarily reflecting external factors, as cause for the disruption of the positive EBITDA trend of previous periods, thus allowing for future reestablishment of favorable results provided by the Group's Competitiveness and Growth Projects.

Financing Sources

The Investment Projects Program, initiated at the end of 2010 and approved by the Board of Directors to implement CYDSA's Competitiveness and Growth Strategic Plan, required an outlay exceeding US$1,000 million, including pre-operating expenses related to conceptualization and design, as well as construction, machinery, and other fixed assets. The Group financed these projects using its own funds during the early years of implementation, and later by contracting various financial instruments.

In 2024 the Group continued to execute a strategy started the year before, based on taking advantage of volatility in the currency exchange market and interest rate trends to improve its debt structure, and decrease its level and cost of bank and notes debt.

Considering these objectives, CYDSA obtained a 1,360 million-peso bank loan, leveraging the favorable currency exchange situation. The US$80 million acquired with these resources subsequently supported the repurchase of some outstanding US dollar-denominated Senior Notes issued in the international market.

Finally, in December 2024, the Group refinanced 2,014 million pesos of short-term loans through a three-year-one-month line of credit.

As a result of these transactions, **CYDSA's Bank and Notes Debt as of December 31, 2024, totaled an equivalent of US$712 million. This figure included US$347 million, or 49% denominated in dollars, and the remaining 51%, of 7,581 million in peso obligations, equivalent to US$365 million.** In summary, the total debt at year end 2024 contained the following seven individual or combined instruments:

From the total Debt in pesos, four financing instruments totaling 6,460 million pesos, equivalent to US$311 million, described chronologically below:

1. **Peso notes, or CEBURES, of 850 million pesos, equivalent to US$40.9 million.**

   To participate in the Mexican corporate debt market, in 2023 CYDSA's Board of Directors and the National Banking and Securities Commission authorized a CEBURES Issuance Program for up to 5,500 million pesos. As part of this Program, at the beginning of December of that year, the Group initially issued 850 million pesos of notes, maturing in November 2026, **equivalent to US$40.9 million at the end of 2024.**

2. **Two Long-Term Bank Loans from Bancomext of 3,453 million pesos, equivalent to US$166.1 million.**

   To improve the maturity profile of the Group's debt, in December of 2023, Bancomext awarded a loan of 2,094 million pesos, maturing in 2033, used to liquidate another short-term loan.

   In April 2024, with the objective to once again leverage the favorable exchange market, the Group secured from Bancomext a **new 1,359 million peso long-term loan, maintaining the same contractual conditions as the loan obtained in December 2023.** This resulted in a 10-year loan with a one-year grace period and increasing principal payments, in this case with **maturity in 2034.**

   In May and July, the Group used these resources to **buy US dollars, utilized subsequently to repurchase some of its**

dollar-denominated Senior Notes issued in the international market. The balance of the new loan and the one obtained at the end of 2023 **totaled 3,453 million pesos, equivalent to US$166.1 million.**

3. **New Medium-Term Bank Loan from Scotiabank and BBVA of 2,014 million pesos, equivalent to US$96.9 million.**

   To reinforce the Group's strategic cash reserve and in preparation for possible financial instability derived from presidential elections in both Mexico and the US, the Group obtained three short-term loans, totaling 2,157 million pesos, between March and October of 2024.

   Then, **in December 2024, CYDSA contracted a 2,014-million-peso loan from Scotiabank and BBVA, with a 37-month maturity and very favorable terms,** including choice of currency, interest rate aligned with the Company's performance, and early payment options. With this financing, CYDSA liquidated 2,014 million pesos of the short-term credits mentioned in the previous paragraph, with 143 million remaining in short term debt. The 2,014 million peso loan carried a **balance equivalent to US$96.9 million** in December 2024.

4. **A total of 143 million pesos from HSBC and Banco del Bajio in short-term credit, equivalent to US$6.9 million.**

   The last component of the Bank Debt in pesos includes two short-term loans from HSBC and Banco del Bajio totaling 143 million pesos, equivalent to US$6.9 million at the end of 2024.

In addition to the four peso-denominated financial instruments mentioned, CYDSA's debt includes **two dollar-denominated obligations totaling US$276.1 million:**

1. **Long-Term Senior Notes of US$172.7 million issued in the international markets.**

   In 2017 and 2019, CYDSA issued long-term senior notes in the international markets maturing in 2027, for a total of US$450 million.

   In 2022 and 2023, the Group acquired Senior Notes in the international financial markets **representing US$118.3 million and US$79.7 million at face value respectively.** These repurchases totaled US$198.0 million and reduced the outstanding notes balance to US$252.0 million in December 2023.

Continuing the strategy aimed at adjusting the denomination and maturities of CYDSA's Bank and Notes Debt, **the Group also acquired Senior Notes in 2024.** As previously mentioned, a long-term peso loan financed these transactions, **for a total nominal repurchase value of US$79.3 million. Consequently, in December 2024, outstanding Notes totaled US$172.7 million.**

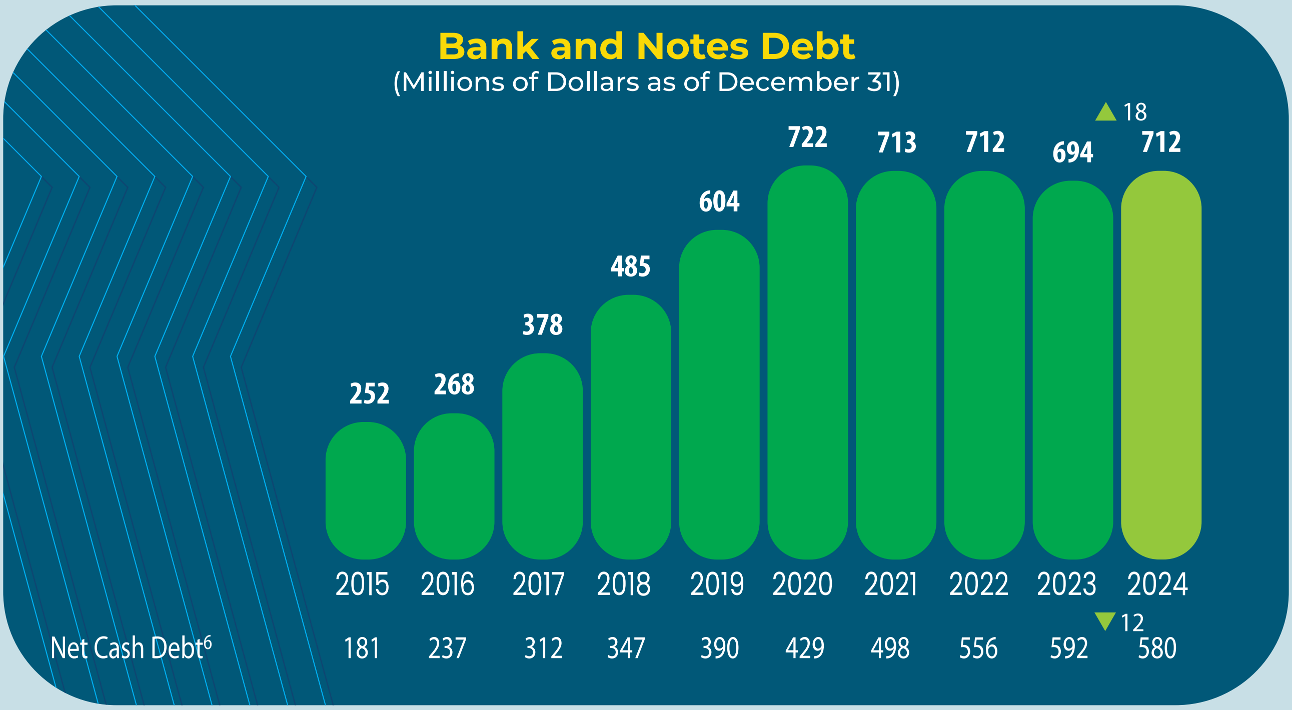
2. **Santander Bank loan of US$103.4 million, guaranteed by SACE, contracted in 2022.**

   At the beginning of 2022, CYDSA received financing guaranteed almost entirely by the Italian Export Credit Agency (Servizi Assicurativi del Commercio Estero Depositi y Prestiti – "SACE"). The terms of this loan included a preferential interest rate, a two-year grace period, and maturity in 2029. After making the 2023 and 2024 contractual payments, **the balance of this obligation at the end of 2024 declined to US$103.4 million.**

Finally, in addition to the six abovementioned transactions—in all cases involving the holding company Cydsa, S.A.B. de C.V.—total debt includes an additional **Syndicated Loan for the LP Gas Underground Storage and Processing System, secured in 2018** and comprised of both pesos and US dollars, both **reaching final maturity in October 2036.** After the contractual principal payments and the exchange rate impact on the peso-denominated portion, at the end of 2024, the balance of this loan, **contracted in accreditation and guarantee with the entities comprising the LP Gas Underground Storage and Processing System, totaled** 1,121 million pesos and US$ 70.8 million, **an amount equivalent to US$124.7 million.**

In summary, **on December 31, 2024, CYDSA's total Bank and Notes Debt totaled an equivalent of US$712 million.** As shown in the following graph, this figure increased by US$18 million compared to the US$694 million reported in the previous year, while reflecting an improved debt maturity profile and lower financial costs for the Group.

Additionally, including all funds invested in liquid instruments, the ending balance of Bank and Notes Debt Net of Cash[6] in 2024 totaled an equivalent to US$580 million, US$12 million lower than the comparable balance of US$592 million in the prior year.



6 Bank and Notes Debt Net of Cash is obtained by subtracting the balance of Cash and Cash Equivalents from Bank Debt.

Cash Flow

The table on page 16 outlines the components of **Net Cash Flow**[7] in 2024, with the first item showing Operating Cash Flow (EBITDA) of US$226 million.

Allocation of these funds included US$31 million to cover Net Working Capital requirements, mainly in Accounts Receivable from Clients, to finance higher sales and increases in the payment cycles of some customers. Additionally, the Group allocated US$34 million to Investments in Fixed Assets to maintain production processes in normal operating conditions, and to update some of the Group's assets. Normal Operating Taxes required US$59 million, and disbursements to Other Operating Items related to accounting adjustments and non-recurring expenses totaled US$10 million. Following these payouts, **Net Cash Flow from Operations resulted in a positive US$92 million.**

The first three items related to financial aspects include US$67 million for Net Interest and Financial Expenses, including interest paid and earned, as well as debt issuance fees and exchange and interest rate hedging costs. The Group paid US$18 million in dividends to CYDSA's shareholders. Additionally, to provide stockholders with liquidity, CYDSA capitalized on opportunities in the market during the year to purchase 9,598,760 of its own shares, at a value of approximately US$10 million.

Finally, descriptions of two items of the Bank and Notes Debt follow:

1. The favorable US$18 million decrease in Net Debt presented in the previous section in Financing Sources.
2. The positive US$38 million effect of Exchange Discrepancies on the debt, related to the following considerations:

   - Accounting rules establish that the dollar equivalents of transactions for debt denominated in pesos should be registered using the exchange rate on the date of each operation. However, the dollar equivalents of debt balances as of a specific date should be calculated using the exchange rate from that day.

   - The Economic Environment section of this report (page 25) mentions that **the exchange rate increased from 16.92 pesos per US dollar on December 31, 2023, to 20.79 pesos at year-end 2024.** Meanwhile, in a highly volatile currency market, **the exchange rate averaged 18.32 pesos per US dollar in 2024.**

   - Therefore, because all bank loans received in 2024 are peso-denominated, and during periods of time with exchange rates lower than that registered at the end of the year, the sum of the different debt records exceeded the balance calculated to December 31, resulting in **a positive US$38 million Foreign Exchange Discrepancy Effect on Debt.**

After these financial items, **Cash Flow before Investment Projects totaled a positive US$53 million.**

7 Cash Flow numbers are reported in current pesos. However, because around half of CYDSA's debt is denominated in foreign currency, comparisons are made with their equivalent in US dollars.

Investment Projects

In 2024, Investments for Competitiveness and Growth totaled US$24 million. This amount mainly comprises the expenditures for some of the final stages of building the new chlorine and caustic soda plant in Coatzacoalcos, Veracruz. As mentioned at the beginning of this Report, the Chlorine, Caustic Soda and Related Specialties Business will reach an annual nominal capacity of 322,000 tons of chlorine, and 362,000 tons of caustic soda.

Additionally, these investments include the recovery of a brine well in the Salt for Household Consumption and Industrial Applications Business, the Projects in the Electricity and Steam Cogeneration Business aimed at ensuring stability of the operation, and the investments allocated to several smaller projects.

Therefore, after US$24 million in investments for Competitiveness and Growth, **Net Cash Flow in 2024 reflected a positive US$29 million balance, with US$132 million in cash at the end of the year.**

Contents of the 2024 Annual Report

The **sections devoted to CYDSA's Strategic Business Units detail the main accomplishments in 2024, and the corresponding information on their products and markets** (page 26).

The **Economic Environment** section summarizes the significant events of the year affecting the markets CYDSA serves (page 21). **Management's Discussion and Analysis of 2024 Results** (page 63) precedes the **Audited Financial Statements and Notes** (page 68).

Net Cash Flow 2024

(Millions of Dollars)

Cash Flow:		
Operating Cash Flow (EBITDA)	226	
Net Working Capital	(31)	
Capital Expenditures for Maintenance & Replacement	(34)	
Taxes for Normal Operations	(59)	
Other Operating Items	(10)	
Net Cash Flow from Operations		92
Net Interest and Financial Expenses	(67)	
Dividend Payments for CYDSA Shareholders	(18)	
Share Repurchase Outlays	(10)	
Increase in Net Bank and Notes Debt at Years End	18	
Foreign Exchange Discrepancy Effect on Debt	38	
Cash Flow before Investment Projects		53
Capital Expenditures for Competitiveness and Growth	(24)	
Net Cash Flow		29
Cash Balance as of December 31, 2024		*132*

Outlook

Dear Shareholders: CYDSA is pleased to inform you that the strategy for Competitiveness and Growth approved by the Board of Directors, and initiated at the end of 2010, continued progressing in 2024. Even as adverse conditions, principally out of the Group's control, disrupted the positive trend of recent years, the projects undertaken proved that CYDSA will sustain progress, and eventually overcome unfavorable circumstances in the business environment.

The unforeseen events faced by the Group during 2024 slowed down improvement in some operations and financial indicators, but did not affect the competitive capacity of the Group's Businesses, which continue evolving and implementing initiatives directed towards ensuring Sustainable Profitability. These initiatives, many already in process of evaluation and summarized below, will be implemented through specific projects in the medium term:

- **Main initiatives of the three strategic businesses of Chemicals Manufacturing and Specialties.**

  The **Salt for Household Consumption and Industrial Applications Business** implemented strategies to improve production, storage, and distribution processes for more optimal operation of Sales del Istmo, the largest evaporated natural salt production plant in the Americas, located in Coatzacoalcos, Veracruz. This Business also incorporated advanced technologies in its finished product distribution center and now produces the degradable plastic canisters and lids needed to package the various presentations of edible salt, and complementary products. This Business dominates techniques that ensure the continuous supply of extracted brine leached from salt caverns, an essential raw material in its manufacturing process. This Unit plans to continue its progress by increasing annual production capacity to one million tons in two or three stages.

  The **Chlorine, Caustic Soda, and Related Specialties Business** manufactures chlorine and caustic soda at three of its five plants, using the most energy-efficient and environmentally friendly processes available. As mentioned previously in this Report, this Business implemented various projects to increase the annual installed capacity using state-of-the-art technology to produce 322,000 tons of chlorine, and 362,000 tons of caustic soda. The Business also operates facilities manufacturing related specialties, including sodium hypochlorite and hydrochloric acid. Using this base, the Business started to evaluate some potential opportunities, including a new production plant of chlorine and caustic soda, and a factory dedicated to chlor-alkali chemicals.

  The **Refrigerant Gases Manufacturing and Commercialization Business** provides excellent service to its distribution networks in Mexico and Latin America, increasing the commercialization of new latest-generation refrigerant gases, blowing agents, and propellants with no impact to the ozone layer, as well as close-to-zero effect on climate change. Therefore, on top of identifying new alternatives to destroy Ozone-Depleting Substances (ODS) with argon plasma arc technology, unique in Latin America and complying with the rules established by the United Nations Industrial Development Organization, the Business continues to evaluate opportunities to expand its product line by manufacturing gases capable of improving environmental conservation.

The Electricity and Steam Cogeneration Business operates twin plants utilizing natural gas-fired turbine-based systems, considered the most environmentally friendly hydrocarbon energy source

- **Main Initiatives of the two strategic Energy Processing and Logistics Businesses.**

  The **Electricity and Steam Cogeneration Business** operates twin plants utilizing natural gas-fired turbine-based systems, considered the most environmentally friendly hydrocarbon energy source. The Business implemented various improvement projects, including some patented internationally, to increase the cogeneration capacity and ensure continuous, efficient and effective production, eliminating flaws from the original design that failed to consider air quality conditions in the region of Coatzacoalcos, Veracruz. This infrastructure allows the Business to supply the energy necessary to meet the demand of the Group's plants in the Coatzacoalcos Industrial Center; produce additional electricity for provision to other Group facilities; and evaluate the potential benefit of installing cogeneration plants in other locations.

  The **Hydrocarbons Processing and Underground Storage Business** started operations in November 2017, storing Liquefied Petroleum Gas (LPG) in a salt cavern and fully complying with the design characteristics and requirements of Petróleos Mexicanos (Pemex). The Business now possesses the technical and operating capabilities necessary to eventually develop new storage projects in accordance with energy regulation to create new opportunities for the storage of natural gas or liquid hydrocarbons in the three caverns already available, as well as potential new ones.

Although oriented to consolidate the competitiveness of the Business Portfolio, activities undertaken for strategic projects in 2024 also continued to reinforce CYDSA's focus on Sustainability in order to ensure that the Group's operations, as well as the products and services offered, contribute to building a healthy and sustainable world for future generations. In particular, this year CYDSA's Administration and the operational and corporate areas increased the promotion of its organizational culture committed to reinforcing the values of ethical responsibility.

An important advance in this commitment includes the strengthening of the Sustainability Strategy, consolidating priority objectives to guide the Group's development in Environmental, Social, and Governance (ESG) activities.

Different operational and corporate areas participated in this process, resulting in the definition of seven strategic objectives grouped in three lines of action: Environment, Personnel, and Value to the Community. Its implementation required the creation of online platforms to guarantee project tracking and control, ensure the achievement of established goals, promote continuous improvement, and identify the impact of each Business on the Organization's overall results.

Several efforts in the Environment line of action represent initiatives already completed or in the process of implementation within the operation of the Businesses. Highlights from these projects include the creation of degradable plastic packages used for the commercialization of their products; the energy-efficient and environmentally friendly technology to produce chlorine and caustic soda; the exploration of new technologies to reduce emissions; as well as the development of projects for both the treatment of wastewater and achieving zero discharge of water from production processes.

It is important to note that all eligible production and trading facilities renewed or updated domestic and international certifications to guarantee Sustainable Profitability growth. Likewise, the Group retained or received recognitions awarded by the Secretary of the Environment and Natural Resources (SEMARNAT), the Secretary of Labor and Social Welfare, the Mexican Philanthropy Center, and the US Chlorine Institute.

Regarding the Personnel line of action, CYDSA strengthened and published its code of ethics, and consolidated the reporting line aimed at promoting workplace ethics. Additionally, during 2024, the Group defined a key objective related to gender equity, then implemented specific actions to increase women's participation in the Organization. Furthermore, the Group strengthened operational safety protocols across all plants and implemented health campaigns to ensure the well-being of all workers.

Finally, in respect to the Value to the Community line of action, in 2024, CYDSA implemented a plan to involve itself with the communities near its plants, in order to align efforts of social responsibility to the needs of each region. Also, the Group consolidated the commitment to ensuring zero operational incidents having local impact outside its facilities, ensuring a safe environment for the neighboring communities. These initiatives supplement the conservation of flora and fauna efforts started several years ago.

CYDSA's 2024 Sustainability Report[8] details the objectives, metrics and projects that advance the ethical compliance of the Group and its Businesses towards the natural environment, social responsibility, and institutional governance.

Lastly, Sustainability efforts in 2025 will prioritize two types of activities:

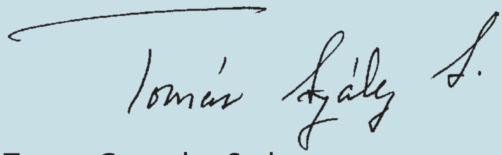
- The allocation and implementation of systems that comply with International Financial Reporting Standards (IFRS S1 and S2), for obligatory audits starting in 2026. These standards serve to reveal information about risks and opportunities related to Sustainability, including financial impact, mitigation measures, and governance decision-making.

- Raising awareness among employees in Sustainability matters through online webinars, specific modular courses, and the incorporation of Sustainability topics in periodic operations meetings.

CYDSA's results and progress in 2024 reflect actions and initiatives suitably built in response to opportunities and challenges arising from national and international situations. Short-term outlook again foresees a business environment with potential risks that must be addressed through opportunistic, timely, and in-depth analysis. Therefore, the staff in operational and corporate areas, always a key pillar in CYDSA's development capability, must make greater effort to ensure continuous improvement, based as always on competitive advantages.

CYDSA believes that in 2025, the Organization's experience, professionalism, and support from its customers, suppliers, investors, and financial institutions will continue pushing the new development stage towards Sustainable Profitability. With this support, investments from the Competitiveness and Growth Strategy should form the foundation for CYDSA's transformation towards Sustainable Profitability, thereby increasing value for Customers, Employees, Shareholders and the Community in general.

Sincerely,



Tomas Gonzalez Sada
Chairman of the Board and
Chief Executive Officer

8 CYDSA's 2024 Sustainability Report details these rules and recognitions, as well as the activities and achievements related to ESG. The Report is prepared based on the most up-to-date standards and guidelines and published on the Group's web page.