

**Cydsa, S.A.B. de C.V.
and Subsidiaries**

Consolidated Financial Statements for
the years ended December 31, 2024,
2023 and 2022, and Independent
Auditors' Report Dated February 26,
2025



CYDSA, S.A.B. DE C.V. AND SUBSIDIARIES

**INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

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Independent Auditors' Report to the Board of Directors and Shareholders of Cydsa, S.A.B. de C.V.

Opinion

We have audited the consolidated financial statements of Cydsa, S.A.B. de C.V. and its subsidiaries (the Group and/o The Company), which comprise the consolidated statements of financial position as of December 31, 2024, 2023 and 2022, and the consolidated statements of income, the consolidated statements of other comprehensive income, the consolidated statements of changes in shareholders' equity and the consolidated statements of cash flows for the years then ended, as well as the explanatory notes to the consolidated financial statements that include a summary of the material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024, 2023 and 2022 and its consolidated financial performance and 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) together with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matter

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

Key Audit Matters

Key audit matters are those matters that, according to our professional judgment, were the most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters. We have determined that the matters described below are the key audit matters that should be communicated in our report.

Investments in Process Related to the Underground Hydrocarbon Storage Business

The Company has made investments in the Underground Hydrocarbon Storage business as of December 31, 2024, 2023 and 2022 for \$4,105, \$3,361 and \$3,656 (in millions of Mexican pesos), respectively, which are presented as part of investment in process in the statement of financial position consolidated, under the heading of Property, Plant and Equipment, see Note 11.



The valuation procedures were significant due to the relevance of the figures mentioned above, and considering that a high degree of judgment is required by management, derived from changes in regulations or other conditions, which could have an impact on identifying signs of impairment, and where appropriate recognize the necessary provisions.

Our audit procedures included, among others, obtaining an understanding of management's plans for these investments, reviewing the valuation model by our specialist and the understanding of the regulations on the storage of hydrocarbons in the country, the above in order to identify possible indicators of impairment.

Deferred Income Taxes

As mentioned in Note 21 to the accompanying consolidated financial statements, the Company recognizes deferred income taxes on 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 income, which includes tax loss carryforwards.

As of December 31, 2024, the amount of tax loss carryforwards amounts to \$3,353 million, which represents a deferred income tax benefit of \$1,006 million, which use is subject to the Company's ability to generate sufficient future taxable income, before the expiration date of tax loss carryforwards.

The related IFRS requires the carrying amount of a deferred tax asset to be reviewed and reduced to the extent that it is probable that there will be no sufficient taxable income to allow all or a portion of the asset to be recovered, therefore as of December 31, 2024, the Company has recognized a deferred tax asset, according to an analysis on projections of prospective cash flows and has determined that it would generate sufficient taxable base to recover the assets tax losses, on the asset recorded. The test of the estimate was significant for our audit because the evaluation process is complex and is based on assumptions that are affected by the future expectations of the results of the operation and specifications of the tax regulation.

Due to the relevance of the aforementioned figures, a change in the assumptions and conditions on the recovery of tax loss carryforwards may have a material effect on the amount of deferred taxes recorded by the Company in its consolidated financial statements.

Our audit procedures included, among others: i) analyzing by entity the trend of its tax results from previous years; ii) reviewing tax projections to determine whether future taxable income will allow tax loss carryforwards to be realized before maturity; and iii) using tax experts to help us evaluate the assumptions and methodologies used by the Company.

Information other than the consolidated financial statements and the report of the independent auditors

The Company's management is responsible for the information that will be incorporated into the Annual Report that the Company is obligated to prepare under Article 33 Fraction I, clause b) of Title Four, First Chapter of the General Provisions Applicable to the Issuers and other Participants of the Securities Market in Mexico and to the Instruction accompanying those provisions (the Provisions). The Annual Report is expected to be available for reading after the date of this audit report.

Our opinion of the consolidated financial statements does not cover the other information and we do not express any such opinion.

In relation to our audit of the consolidated financial statements, our responsibility will be to read the Annual Report, when it is available, and when we do, consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or that it seems to contain a material error. When we read the Annual Report, we will issue the legend on the reading of the Annual Report required in Article 33 Fraction I, subsection b) numeral 1.2 of the provisions.



Responsibilities of the Administration and those Responsible for the Governance of the Company in Relation to the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRS and the internal control that management deems necessary to enable the consolidated financial statements to be prepared free of material misstatement 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 appropriate, issues related to the Company in operation and using the accounting principle of the Company in Unless the Administration intends to liquidate the Company or stop its operations, or there is no other realistic alternative.

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

Auditors' Responsibilities in Relation to 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 of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 modify our 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



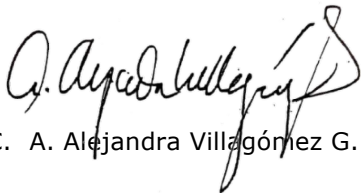
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the officers of the Company with a statement that we have complied with applicable ethics requirements regarding independence and communicated with them about all relationships and other matters reasonably expected to affect our Independence and, where appropriate, the corresponding safeguards.

Among the issues that have been subject of communications with those responsible for the Company's governance, we determine that they have been of the greatest significance in the audit of the consolidated financial statements of the current period and are therefore the key audit issues. We describe these issues in this audit report unless legal or regulatory provisions prohibit disclosure of the matter or, in extremely rare circumstances, we determine that an issue should not be reported in our report because it can reasonably be expected that the adverse consequences thereof would exceed the benefits of public interest of the same.

Galaz, Yamazaki, Ruiz Urquiza, S.C.

Affiliate of a member firm of Deloitte Touche Tohmatsu Limited



C. P. C. A. Alejandra Villagómez G.

February 26, 2025



CYDSA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024, 2023 AND 2022
(In millions of Mexican pesos)

	Notes	2024	2023	2022
ASSETS				
Current assets:				
Cash and cash equivalents	5	\$ 2,420	\$ 1,597	\$ 2,769
Restricted cash	5	185	80	151
Trade receivables, net	6	3,172	2,654	2,010
Other current assets	7	1,802	1,570	1,329
Inventories	8	1,706	1,380	1,441
Total current assets		9,285	7,281	7,700
Non-current assets:				
Restricted cash	5	135	53	111
Derivative financial instruments	4	138	37	194
Investment in associates and joint venture	10	187	194	222
Property, plant and equipment, net	11	20,297	17,046	17,897
Right-of-use asset	12	452	283	257
Non-current finance lease receivable	9	3,464	2,870	3,352
Intangible assets	14	310	276	254
Deferred taxes	21	-	413	91
Discontinued operations	2 f)	67	67	67
Total non-current assets		25,050	21,239	22,445
Total assets		\$ 34,335	\$ 28,520	\$ 30,145
LIABILITIES				
Current liabilities:				
Current financial debt	15	\$ 143	\$ -	\$ -
Current portion of non-current financial debt	16	609	474	310
Trade payables		1,995	1,866	1,718
Derivative financial instruments	4	32	101	152
Lease liabilities	13	170	119	83
Income tax payable		-	421	577
Other current liabilities	17	1,897	1,810	1,642
Total current liabilities		4,846	4,791	4,482
Non-current liabilities:				
Financial debt	16	13,767	10,940	13,119
Derivative financial instruments	4	-	-	93
Lease liabilities	13	328	177	182
Employee benefits	18	597	520	569
Income Tax payable	21	130	166	432
Deferred income tax	21	161	-	-
Provisions	19	53	49	51
Non-current liability for discontinued operations	2 f)	14	13	15
Total non-current liabilities		15,050	11,865	14,461
Total liabilities		19,896	16,656	18,943
Commitments and contingencies	19			
SHAREHOLDERS' EQUITY				
Capital stock	20	2,825	2,825	2,825
Additional paid-in capital		1,176	1,176	1,176
Repurchase of own shares		(1,316)	(1,143)	(1,114)
Retained earnings		9,581	9,346	7,526
Accumulated other comprehensive income		1,655	(803)	355
Equity attributable to shareholders of Cydsa, S.A.B. de C.V.		13,921	11,401	10,768
Non-controlling interest		518	463	434
Total shareholders' equity		14,439	11,864	11,202
Total liabilities and shareholders' equity		\$ 34,335	\$ 28,520	\$ 30,145

The accompanying notes are part of these consolidated financial statements

Tomás González Sada

Ing. Tomás González Sada
Chairman of the Board and
Chief Executive Officer

Humberto J. Lozano Vargas

C.P. Humberto J. Lozano Vargas
Chief Financial Officer



CYDSA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In millions of Mexican pesos)

	Notes	2024	2023	2022
Net sales	25 b)	\$ 15,039	\$ 14,160	\$ 13,612
Cost of sales		(8,579)	(7,681)	(8,157)
Selling expenses		(2,228)	(2,033)	(1,877)
Administrative expenses		(1,389)	(1,170)	(1,053)
Other operating (expenses) income	24	(272)	(110)	(43)
Operating income		2,571	3,166	2,482
Debt interest expenses		(1,366)	(789)	(643)
Interest expenses		(96)	(97)	(118)
Interest income		137	171	95
Derivative financial instruments results		(76)	(183)	(142)
Exchange rate effects		337	395	214
Financial expenses, net		(1,064)	(503)	(594)
Share in results of associates and joint venture	10	(7)	(2)	(12)
Income before income taxes and discontinued operations		1,500	2,661	1,876
Income taxes	21	(993)	(533)	(576)
Income before discontinued operations		507	2,128	1,300
Discontinued operations, net of income taxes	2 f)	(3)	(3)	(4)
Net consolidated income		\$ 504	\$ 2,125	\$ 1,296
Net consolidated income attributable to:				
Shareholders of Cydsa, S.A.B. de C.V.		\$ 535	\$ 2,070	\$ 1,218
Non-controlling interest		(31)	55	78
Basic earnings per share for the shareholders of Cydsa, S.A.B. de C.V. ⁽¹⁾				
		\$ 1.00	\$ 3.83	\$ 2.23

The accompanying notes are part of these consolidated financial statements.

⁽¹⁾ In Mexican pesos, determined based on weighted average shares outstanding: 536,329,788 in 2024, 541,675,849 in 2023 and 546,164,695 in 2022.



CYDSA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In millions of Mexican pesos)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net consolidated income	<u>\$ 504</u>	<u>\$ 2,125</u>	<u>\$ 1,296</u>
Other comprehensive (loss) income net of taxes			
Items that will be reclassified to consolidated net income:			
Cumulative translation adjustment	2,372	(1,092)	(312)
Valuation of the effective portion of derivative financial instruments	127	(9)	205
Items that will not be reclassified to consolidated net income, net of tax:			
Re-measurements of defined benefit plan, net	<u>45</u>	<u>(75)</u>	<u>2</u>
Total other comprehensive (loss) income	<u>2,544</u>	<u>(1,176)</u>	<u>(105)</u>
Consolidated comprehensive income	<u>\$ 3,048</u>	<u>\$ 949</u>	<u>\$ 1,191</u>
Consolidated comprehensive income attributable to:			
Shareholders of Cydsa, S.A.B. de C.V.	\$ 2,993	\$ 912	\$ 1,100
Non-controlling interest	55	37	91

The accompanying notes are part of these consolidated financial statements.



CYDSA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In millions of Mexican pesos)

	Capital	stock	Paid-in capital	Repurchase of own shares	Retained earnings	Cumulative translation adjustments	Valuation of the effective portion of derivative financial instruments	Re- measurement of the net defined benefit liability	Equity attributable to shareholders of Cydsa, S.A.B. de C.V.	Non- controlling interest	Total shareholders' equity
Balances as of December 31, 2021	\$2,825		\$1,176	\$(992)	\$6,508	\$673	\$(241)	\$41	\$9,990	\$385	\$10,375
Dividends declared					(200)				(200)	(42)	(242)
Repurchase of own shares				(122)					(122)		(122)
	2,825		1,176	(1,114)	6,308	673	(241)	41	9,668	343	10,011
Net consolidated income					1,218				1,218	78	1,296
Other comprehensive income						(325)	205	2	(118)	13	(105)
Consolidated comprehensive income	-		-	-	1,218	(325)	205	2	1,100	91	1,191
Balances as of December 31, 2022	2,825		1,176	(1,114)	7,526	348	(36)	43	10,768	434	11,202
Dividends declared					(250)				(250)	(8)	(258)
Repurchase of own shares				(29)					(29)		(29)
	2,825		1,176	(1,143)	7,276	348	(36)	43	10,489	426	10,915
Net consolidated income					2,070				2,070	55	2,125
Other comprehensive income						(1,074)	(9)	(75)	(1,158)	(18)	(1,176)
Consolidated comprehensive income	-		-	-	2,070	(1,074)	(9)	(75)	912	37	949
Balances as of December 31, 2023	2,825		1,176	(1,143)	9,346	(726)	(45)	(32)	11,401	463	11,864
Dividends declared					(300)				(300)		(300)
Repurchase of own shares				(173)					(173)		(173)
	2,825		1,176	(1,316)	9,046	(726)	(45)	(32)	10,928	463	11,391
Net consolidated income					535				535	(31)	504
Other comprehensive income						2,286	127	45	2,458	86	2,544
Consolidated comprehensive income	-		-	-	535	2,286	127	45	2,993	55	3,048
Balances as of December 31, 2024	\$ 2,825		\$ 1,176	\$ (1,316)	\$ 9,581	\$ 1,560	\$ 82	\$ 13	\$ 13,921	\$ 518	\$ 14,439

The accompanying notes are part of these consolidated financial statements.



CYDSA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In millions of Mexican Pesos)

	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	\$ 1,500	\$ 2,661	\$ 1,876
Adjustments for:			
Depreciation	1,176	870	991
Depreciation for right-of-use assets	118	120	74
Amortization	29	21	30
Share in results of associates and joint venture	7	2	12
Impairment and loss in sale of fixed assets	229	48	10
Exchange rate effects	(337)	(395)	(214)
Financial income	(137)	(171)	(95)
Derivative financial instruments	76	183	142
Financial expenses	1,462	886	761
	4,123	4,225	3,587
Changes in working capital:			
Trade receivables	(290)	(739)	(174)
Inventories	(186)	20	(531)
Trade payables	(48)	273	395
Changes in other assets and liabilities:			
Other assets and liabilities	(183)	(16)	44
Employee benefit	(18)	(13)	(24)
Income taxes paid	(1,055)	(1,263)	(704)
Net cash generated by operating activities	2,343	2,487	2,593
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(1,502)	(1,613)	(2,443)
Restricted cash	(187)	129	(17)
Net investment in associates	-	(43)	4
Interest income	190	222	93
Net cash used in investing activities	(1,499)	(1,305)	(2,363)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from banking loans	6,876	5,944	4,919
Payment of banking loans	(5,238)	(6,518)	(4,819)
Derivative financial instruments	(115)	(175)	(74)
Dividends paid to the shareholders of Cydsa, S.A.B. de C.V.	(300)	(250)	(200)
Dividends paid to minority shareholders	-	(8)	(42)
Payments of right-of-use leased assets	(106)	(93)	(74)
Interest expense paid	(1,323)	(1,135)	(1,104)
Repurchase of own shares	(173)	(29)	(122)
Net cash used in financing activities	(379)	(2,264)	(1,516)
Net increase (decrease) in cash and cash equivalents	465	(1,082)	(1,286)
Adjustment to cash flows due to exchange rate fluctuations	358	(90)	(100)
Cash and cash equivalents at beginning of year	1,597	2,769	4,155
Cash and cash equivalents at end of year	\$ 2,420	\$ 1,597	\$ 2,769

The accompanying notes are part of these consolidated financial statements.



CYDSA, S.A.B. DE C.V. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(In millions of Mexican pesos, unless otherwise indicated)

1. GENERAL INFORMATION (ACTIVITIES)

CYDSA, S.A.B. de C.V. (CYDSA, or the "Company") is a holding company whose core businesses consists in investing in the stock ownership of subsidiary companies, in order to control their operating and financing activities. The principal activities of its subsidiaries include the production and commercialization of salt, chlorine, caustic soda, refrigerant gases, electricity and steam cogeneration, underground storage of hydrocarbons.

CYDSA is located at Ricardo Margain Zozaya Avenue # 335, Tower 2 Floor 6, Colonia Valle del Campestre, Zip Code 66265, San Pedro Garza Garcia, Nuevo León, Mexico.

2. MATERIAL ACCOUNTING POLICIES

Below are the material accounting policies followed by the Company, which have been applied consistently in the preparation of their Consolidated Financial Statements over the years presented, unless otherwise indicated:

a. Basis of preparation.

The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. The Consolidated Financial Statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The Consolidated Financial Statements have been prepared on the historical cost basis. The historical cost is generally based on the fair value of the consideration granted in exchange for the related assets.

The preparation of the Consolidated Financial Statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. Additionally, it requires Management to exercise judgment in the process of applying the Company's accounting policies.

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

b. Going concern.

The Consolidated Financial Statements have been prepared by Management assuming that the Company will continue to operate as a going concern.

It is important to mention that no adverse effects were identified that impact continuity as a going concern.

c. Basis for consolidation of financial statements.

Subsidiaries

The subsidiaries are all the entities over which the Company has control. The Company controls an entity when it is exposed, or has the right to variable returns from its interest in the entity and it is capable of affecting the returns through its power over the entity. When the Company's interest in subsidiaries is less than 100%, the interest attributed to external stockholders is recorded as non-controlling interest. Subsidiaries are consolidated in full from the date on which control is transferred to The Company and up to the date, it loses such control.



With regards to Quimobásicos, S.A. de C.V. (refrigerant gases), which is included on the list of significant subsidiaries, in which CYDSA holds a 51% ownership interest, although by-laws provide equal rights to the 49% shareholder, CYDSA's management has concluded it controls the subsidiary given that it has the power over the relevant activities that most significantly affect its returns.

The interest not attributable to CYDSA's shareholders is shown as a component of shareholders' equity in the Consolidated Statements of Financial Position; and the interest in net income is shown in the Consolidated Statements of Income and the Consolidated Statements of Other Comprehensive Income.

All intercompany balances and transactions have been eliminated.

As of December 31, 2024, 2023 and 2022 the main subsidiaries of CYDSA are the following:

Subsidiary	%	Activities	Functional currency*
Sales del Istmo, S.A. de C.V.	100%	Production and commercialization of salt	Peso
Industria Química del Istmo, S.A. de C.V. (IQUISA)	100%	Production and commercialization of chlorine and caustic soda	Dollar
Iquisa Santa Clara, S.A. de C.V.	100%	Production and commercialization of chlorine and caustic soda	Dollar
Iquisa Noreste, S.A. de C.V.	100%	Production and commercialization of chlorine and caustic soda	Dollar
Sistemas Energéticos SISA, S.A. de C.V.	100%	Electricity and steam cogeneration	Dollar
Almacenamientos Subterráneos de México, S.A. de C.V.	100%	Holding company of shares in the Underground Storage of Hydrocarbons businesses	Dollar
Tenedora Almacenamiento LP 206, S.A. de C.V.	95%	Holding of Almacenamientos Subterráneos del Sureste, S.A. de C.V.	Dollar
Almacenamientos Subterráneos del Sureste, S.A. de C.V.	95%	Underground storage of hydrocarbons	Dollar
Quimobásicos, S.A. de C.V.	51%	Production and commercialization of refrigerant gases	Dollar

* Dollar of the United States of America (USA).

Business combination

The accounting method used by the Company for business combinations is the acquisition method. The Company defines a business combination as a transaction in which it gains control of a business, and through which it is able to direct and manage the relevant activities of the set of assets and liabilities of such business with the purpose of providing a return in the form of dividends, smaller costs or other economic benefits directly to stockholders.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree based on the share of the non-controlling interest in the net identifiable assets of the acquired entity.



The Company accounts for business combinations using the predecessor method in a jointly controlled entity. The predecessor method involves the incorporation of the carrying amounts of the acquired entity, which includes the goodwill recognized at the consolidated level with respect to the acquiree. Any difference between the transferred consideration and the carrying amount of the net assets acquired at the level of the subsidiary are recognized in equity.

The acquisition-related costs are recognized as expenses when incurred.

Goodwill is initially measured as excess of the sum of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets and liabilities assumed. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of income.

If the business combination is achieved in stages, the book value at the acquisition date of the interest previously held by the Company in the acquired entity is remeasured at its fair value at the acquisition date. Any loss or gain resulting from such remeasurement is recorded in profit or loss of the year.

d. Changes in CYDSA's participation in existing subsidiaries.

Changes in investments in subsidiaries of the Company that do not result in a loss of control are recognized as equity transactions. The carrying value of investments and non-controlling interests of the Company is adjusted to reflect changes in the related investments in subsidiaries. Any difference between the amount by which the non-controlling interest adjusted and the fair value of the consideration paid or received, is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between: 1) The sum of the fair value of the consideration received and the fair value of any retained interest; and 2) the value in previous books of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling participation. The amounts recognized in other comprehensive income items relating to the subsidiary are recorded (i.e. are reclassified to income or transferred directly to retained earnings) in the same established manner for the event of the disposal of the assets or relevant liabilities. The fair value of any investment retained in the former subsidiary at the date when control is lost, is regarded as the fair value for initial recognition on subsequent accounting treatment, according to the International Financial Reporting Standards ("IFRS 9"), *Financial Instruments: Recognition and Valuation*, or where applicable, the cost on initial recognition of an investment in an associate or entity under joint control.

e. Operating segments.

The operating segments reflect the structure of the Administration and how it is regularly reviewed by the CEO for decision making. The segments to be reported are detailed in Note 25.

f. Discontinued operations.

Derivados Acrílicos, S.A. de C.V., dedicated to the production and marketing of acrylic yarns, during April 2016 ceased operations, due to the gradual decline of its operations in recent years, as well as to the growing competition for textiles and clothing products, originating primarily from the Asia-Pacific region, and often introduced by unfair means. For this reason, operations are presented as discontinued operations and are valued at realizable value in the Consolidated Statement of Financial Position and in the Consolidated Statement of Income.

g. Adoption of new and amended International Financial Reporting Standards ("IFRS" or "IAS") that are mandatory for the current year.

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.



Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current and classification of Non-current Liabilities with Covenants

In January 2020 and November 2022, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current and the classification of debt with covenants.

The amendments affect the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of assets, liabilities, income or expenses, or disclosures in those accounts.

This amendment seeks to clarify that liabilities are classified as current or non-current based on the rights that exist at the closing date of the reporting period, that the classification is not affected by the entity's expectations to defer the settlement of a liability, explains that the rights exist if the covenants comply at the end of the reporting period, and introduces a definition of "settlement" to clarify that it refers to the transfer of cash, equity instruments, or other assets or services to the counterparty.

The amendments also specify that only covenants that an entity has to comply with on or after 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 must be considered in the assessment of the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed after the reporting date.

IFRS standards issued that are not yet effective

As of the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS that have been issued, but are not yet effective.

Amendments to IAS 21
IFRS 18

Lack of interchangeability
Presentation and Disclosures in Financial Statements

Management does not expect the adoption of the aforementioned standards to have a material impact on the Company's consolidated financial statements in future periods, except as indicated below:

IFRS 18 Disclosure of Financial Statements

IFRS 18 replaces IAS 1, keeping many of the requirements of IAS 1 unchanged and supplementing them with new requirements. In addition, some paragraphs of IAS 1 have been moved to IAS 8 and IFRS 7. In addition, the IASB has made minor modifications to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements for:

- Present specific categories and subtotals defined in the profit and loss statement
- Provide information on management-defined performance measures (MPMs) in the notes to the financial statements.
- Improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting years beginning on or after January 1, 2027, with early application permitted. Amendments to IAS 7 and IAS 33, as well as amendments to revised IAS 8 and IFRS 7, come into force when an entity applies IFRS 18. IFRS 18 requires retroactive application with specific transitional provisions.

The Entity's management is performing an analysis to determine the applicable modifications to the presentation of the consolidated income statements and the consolidated statement of cash flows, and to identify the MPMs that will be disclosed within its consolidated financial statements.



h. Investment in associates and joint ventures.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates or joint ventures where the Company holds the 50% of the stock capital or less, are incorporated in these Consolidated Financial Statements using the equity method of accounting.

i. Translation of financial statements of subsidiaries considered as foreign operations.

To consolidate the financial statements of its domestic subsidiaries considered to be foreign operations, the Company translates their financial statements from the recording (Mexican peso) to the functional currency (US dollar), using the following exchange rates: 1) For monetary assets and liabilities, the closing exchange rate in effect at the balance sheet date; 2) for non-monetary assets and liabilities, and shareholders' equity, the historical exchange rates; and 3) for revenues, costs and expenses, the date they were incurred, except those arising from non-monetary items that are translated using the historical exchange rate for the related non-monetary item. Such translation effects are recorded in the Consolidated Statements of Other Comprehensive Income. Subsequently, to translate the financial statements from the functional currency to the reporting currency (Mexican peso), the following exchange rates are used: 1) The closing exchange rate in effect at the Statements of Financial Position date for assets and liabilities; and 2) historical for stockholders' equity; and 3) for the income, costs and expenses of the date on which they accrued. The translation effects, net of taxes, are recorded in other comprehensive income items, within shareholders' equity.

j. Revenues.

Revenues comprises the fair value of the consideration received or receivable for the sale of goods and services during the normal course of operations and are presented in the Consolidated Statement of Income net of the amount of variable considerations, which comprises the estimated amount of product returns from customers, rebates and similar discounts and payments made to customers with the objective of displaying its goods in attractive spaces and advantageous in its facilities.

For the revenue from contracts with customer's recognition, an integrated model for the accounting of revenue is used, which it's based on a 5-step approach comprising the following: 1) Identify the contract with a customer; 2) Identify the performance obligations in the contract; 3) Determine the transaction price; 4) Allocate the transaction price to the performance obligations in the contract; and 5) Recognize revenue when (or as) the entity satisfies a performance obligation.

Contracts with customers are given by purchase orders, whose costs are composed by the promise to produce, distribute and deliver goods based on the established contractual terms and conditions, which do not represent a significant judgement to be determined. When there are payments related with the obtaining a contracts, they are capitalized and are amortized over the term of the contract.

Performance obligations are not separable, and cannot be satisfied partially, because the operations are derived from the sale of goods and are satisfied at a point in time. In the other hand, the identified payment terms in the majority of the sources of income are short-term, with variable considerations mainly focused on discounts and goods rebates given to customers, without financing components or significant guarantees. These discounts and incentives to customers are recognized as a reduction to income or a sales expenses, according to its nature. These programs include discounts to customers by sales of goods based on: i) sales volume (usually recognized as a reduction of revenue) and ii) goods promotions at points of sale (normally recognized as expenses of sale), mainly. Therefore, the price allocation is direct on the performance obligation of production, distribution and delivery, including the effects of variable considerations.



The Company recognizes at a point in time when the control of goods has been transferred to the customer, which is given by the moment of the delivery of the goods promised to the customer according to the negotiated terms. An account receivable is recognized when the performance obligations, recognizing the corresponding income; on the other hand, the considerations received before completing the performance obligations of production, distribution and delivery are recognized as customer advances.

Interest revenues are recognized when it's probable that the economic benefits flow to the Company and the revenue amount can be valued reliably, applying the effective interest method.

k. Operating income.

Operating income is the result of subtracting cost of sales, selling and administrative expenses and other income (expenses) from net sales. IAS 1, Presentation of Financial Statements, does not require inclusion of this line item in the Consolidated Statements of Income, it has been included for a better understanding of the Company's economic and financial performance.

l. Financial instruments.

Financial assets

The Company classifies and measures its financial assets based on the Company's business model to manage its financial assets, as well as the characteristics of the contractual cash flows of those assets. In 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 at the time of initial recognition. Purchases and sales of financial assets are recognized on the settlement date.

The financial assets are fully canceled when the right to receive the related cash flows expires or is transferred and the Company has also transferred substantially all the risks and rewards derived from its ownership, as well as the control of the financial asset.

i. Financial assets at amortized cost

Financial assets at amortized cost are those that: i) are retained within a business model whose objective is to maintain those assets to obtain contractual cash flows and ii) the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are only principal payments and interest on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those whose business model is based on obtaining contractual cash flows and selling financial assets, in addition to their contractual conditions giving rise, on specified dates, to cash flows which are only principal payments and interest on the principal amount outstanding. As of December 31, 2024, 2023 and 2022, the Company does not hold financial assets to be measured at fair value through other comprehensive income.

iii. Financial assets at fair value through income statement profit or loss

Financial assets at fair value through profit or loss, in addition to those described in point i of this section, are those that do not meet the characteristics to be measured at amortized cost or at fair value through other comprehensive income, and that: i) they have a business model different from those that seek to obtain contractual cash flows, or obtain contractual cash flows and sell financial assets, or, ii) the cash flows they generate are not only payments of the principal and interest on the principal amount outstanding.



Despite the above classifications, the Company may make the following irrevocable choices in the initial recognition of a financial asset:

- Present subsequent changes in the fair value of a capital instrument in other comprehensive income, provided that such investment (in which no significant influence, joint control or control is maintained) is not maintained for trading purposes, that is, contingent consideration recognized as a result of a business combination.
- Designate a debt instrument to be measured at fair value through profit or loss, if doing so eliminates or significantly reduces an accounting asymmetry that would arise from the measurement of assets or liabilities or the recognition of gains and losses on them on different bases.

As of December 31, 2024, 2023 and 2022, the Company has not made any of the irrevocable designations described above.

Impairment of financial assets

The Company uses a new impairment model based on expected credit losses, rather than losses incurred, applicable to financial assets subject to such evaluation (financial assets measured at amortized cost and at fair value through other comprehensive income), as well as accounts receivable for leases, contract assets, certain written loan commitments and financial guarantee contracts. The expected credit losses on these financial assets are estimated from the origin of the asset on each reporting date, taking as reference the historical experience of credit losses of the Company, adjusted for factors that are specific to the debtors or groups of debtors, the general economic conditions and an evaluation of both the current management and the forecast of future conditions.

i. Trade accounts receivable

The Company adopted a simplified model for calculating expected losses, through which it recognizes the expected credit losses during the lifetime of the account receivable.

The Company analyzes its portfolio of accounts receivable from customers, in order to determine if there are significant clients for which it requires an individual evaluation; on the other hand, customers with similar characteristics that share credit risks (participation in the portfolio of accounts receivable, type of market, sector, geographic area, etc.) are grouped together to be evaluated collectively.

In its assessment of impairment, the Company may include indications that debtors or a group of debtors are experiencing significant financial difficulties, as well as observable data indicating that there is a considerable decrease in the estimated cash flows to be received, including arrears. For the purposes of the previous estimate, the Company considers that the following constitutes an event of default, since historical experience indicates that financial assets are not recoverable when they meet any of the following criteria:

- The debtor breaches the financial agreements; or,
- The information developed internally or obtained from external sources indicates that it is unlikely that the debtor pays its creditors, including the Company, in its entirety (without considering any guarantee the Company has).

The Company defined as the default threshold, the period after which the recovery of the account receivable subject to analysis is marginal, considering internal risk management.



ii. Other financial instruments

The Company recognizes the expected credit losses during the lifetime of the assets of all financial instruments for which there have been significant increases in credit risk since their initial recognition (assessed on a collective or individual basis), considering all reasonable information and sustainable, including the one that refers to the future. If, as of the date of presentation, the credit risk of a financial instrument has not increased significantly since the initial recognition, the Company calculates the reserve for losses for that financial instrument as the amount of the expected credit losses in the next 12 months.

When measuring expected credit losses, the Company does not necessarily identify all possible scenarios. However, it considers the risk or likelihood of a credit loss occurring, reflecting the possibility that payment default will occur and not occur, even if such a possibility is very low. Additionally, the Company determines the period for which the breach occurs, as well as the recoverability rate after the breach.

Management evaluates the deterioration model and the inputs used in it at least once a year, in order to ensure that they remain in force based on the current portfolio situation.

Financial liabilities

Financial liabilities that are not derivatives are initially recognized at fair value and subsequently valued at amortized cost using the effective interest method. Liabilities in this category are classified as current liabilities when they must be settled within the following 12 months; otherwise, they are classified as non-circulating.

Trade payables are obligations to pay for goods or services that have been purchased or received from suppliers in the ordinary course of business. Loans are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently recognized at amortized cost; any difference between the resources received (net of transaction costs) and the settlement value is recognized in the consolidated statement of income during the loan's term using the effective interest method.

Derecognition of financial liabilities

The Company derecognizes financial liabilities if, and only if, the obligations of the Company are fulfilled, cancelled or have expired. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in profit or loss.

Additionally, when the Company carries out a refinancing transaction and the previous liability qualifies to be derecognized, the costs incurred in the refinancing are recognized immediately in profit or loss at the date of termination of the previous financial liability.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

m. Derivative financial instruments and hedging activities.

All derivative financial instruments contracted and identified, classified as fair value hedges or cash flow hedges, for trading or the hedging of market risks, are recognized in the consolidated statement of financial position as assets and/or liabilities at fair value and similarly measured subsequently at fair value.

The fair value is determined based on recognized market prices and when they are not traded in a market, it is determined using valuation techniques accepted in the financial sector.

The fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.



Derivative financial instruments classified as hedges are contracted for risk hedging purposes and meet all hedging requirements; their designation at the beginning of the hedging operation is documented, describing the objective, primary position, risks to be hedged and the effectiveness of the hedging relationship, characteristics, accounting recognition and how the effectiveness is to be measured, applicable to that operation.

Fair value hedges

Changes in the fair value of derivative financial instruments are recorded in the Consolidated Statement of Income. The change in fair value hedges and the change in the primary position attributable to the hedged risk are recorded in the Consolidated Statement of Income in the same line item as the hedged position. As of December 31, 2024, 2023 and 2022, the Company has no derivative financial instruments classified as fair value hedges.

Cash flow hedges

The changes in the fair value of derivative instruments associated to cash flow hedges are recorded in stockholders' equity. The effective portion is temporarily recorded in comprehensive income, within stockholders' equity and is reclassified to profit or loss when the hedged position affects these. The ineffective portion is immediately recorded as profit or loss.

Suspension of hedge accounting

The Company suspends hedge accounting when the derivative financial instrument or the non-derivative financial instrument has expired, is cancelled or exercised, when the derivative or non-derivative financial instrument is not highly effective to offset the changes in the fair value or cash flows of the hedged item. The replacement or successive renewal of a hedging instrument for another one is not an expiration or resolution if such replacement or renewal is part of the Company's documented risk management objective and it is consistent.

On suspending hedge accounting, in the case of fair value hedges, the adjustment to the carrying amount of a hedged amount for which the effective interest rate method is used, is amortized to income over the period to maturity. In the case of cash flow hedges, the amounts accumulated in equity as a part of comprehensive income remain in equity until the time when the effects of the forecasted transaction affect income. In the event the forecasted transaction is not likely to occur, the income or loss accumulated in comprehensive income are immediately recognized in income. When the hedge of a forecasted transaction appears satisfactory and subsequently does not meet the effectiveness test, the cumulative effects in comprehensive income in stockholders' equity are transferred proportionally to income, to the extent the forecasted transaction impacts it.

The fair value of derivative financial instruments reflected in the Consolidated Financial Statements of the Company, is a mathematical approximation of their fair value. It is computed using proprietary models of independent third parties using assumptions based on past and present market conditions and future expectations at the closing date.

n. Inventories and cost of sales.

Inventories are stated at the lower of cost and net realizable value. The net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

The Company uses absorption costing for its inventory. Inventory cost includes both the direct and indirect production fixed and variable costs, based on the average cost method.

The Company reviews the carrying value of inventories, when any indicator of impairment suggests that their carrying amount may not be recoverable by estimating its net realizable value. The determination is based on the most reliable evidence available at the time the estimated amount is expected to be realized. Impairment is recorded if the net realizable value is less than the carrying value. The impairment indicators considered for these purposes are, among others, obsolescence, a decrease in market prices, damage and firm sales commitments.



o. Property, plant and equipment.

Property, plant and equipment used in the production process or for administrative purposes are recorded at cost less the accumulated depreciation and / or accumulated impairment losses, if any. Assets are classified into the corresponding category of property, plant and equipment when completed. Depreciation of these assets commences when the asset is ready for its intended use.

Costs for loans associated to financing of property, plant and equipment whose acquisition or construction requires a substantial period, are capitalized as part of the cost of acquiring those assets, until so far as they are suitable for their intended use.

During the years ended December 31, 2024, 2023 and 2022, costs of loans attributable to the construction of machinery and equipment for \$51, \$285 and \$291, respectively, were capitalized. All other costs of loans are recognized in profit or loss for the year as incurred.

The investment in process item includes investments in the Underground Hydrocarbon Storage business as of December 31, 2024, 2023 and 2022 for \$4,105, \$3,361 and \$3,656, respectively.

Land is not depreciated.

Depreciation is calculated under the straight-line method over the estimated useful lives and residual values of assets. The estimation of the useful lives and residual values are reviewed at the end of each reporting period, the effects of any changes are recognized prospectively as a change in estimate.

The ranges of estimated useful lives of the main assets of the Company are as follows:

	<u>Years</u>
Buildings and constructions	10 to 30
Machinery and equipment	1 to 20
Office furniture and equipment	1 to 10
Vehicles	1 to 5
Computer equipment	2 to 4

p. Leases.

The Company as lessee

The Company evaluates whether a contract is or contains a lease agreement at inception of a contract. A lease is defined as an agreement or part of an agreement that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The Company recognizes an asset for right-of-use and the corresponding lease liability, for all lease agreements in which it acts as lessee, except in the following cases: short-term leases (defined as leases with a lease term of 12 months or less); leases of low-value assets (defined as leases of assets with an individual market value of less than US\$5,000 (five thousand dollars); and, lease agreements whose payments are variable (without any contractually defined fixed payment). For these agreements, which exempt the recognition of an asset for right-of-use and a lease liability, the Company recognizes the rent payments as an operating expense in a straight-line method over the lease period.

The right-of-use asset comprises all lease payments discounted at present value; the direct costs to obtain a lease; the advance lease payments; and the obligations of dismantling or removal of assets. The Company depreciates the right-of-use asset over the shorter of the lease term or the useful life of the underlying asset; therefore, when the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Depreciation begins on the lease commencement date.



The lease liability is initially measured at the present value of the future minimum lease payments that have not been paid at that date, using a discount rate that reflects the cost of obtaining funds for an amount similar to the value of the lease payments, for the acquisition of the underlying asset, in the same currency and for a similar period to the corresponding contract (incremental borrowing rate). When lease payments contain non-lease components (services), the Company has chosen, for some class of assets, not to separate them and measure all payments as a single lease component; however, for the rest of the class of assets, the Company measures the lease liability only considering lease payments, while all of the services implicit in the payments, are recognized directly in the consolidated statement of income as operating expenses.

To determine the lease term, the Company considers the non-cancellable period, including the probability to exercise any right to extend and/or terminate the lease term.

Subsequently, the lease liability is measured increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

When there is a modification in future lease payments resulting from changes in an index or a rate used to determine those payments, the Company remeasures the lease liability when the adjustment to the lease payments takes effect, without reassessing the discount rate. However, if the modifications are related to the lease term or exercising a purchase option, the Company reassesses the discount rate during the liability's remeasurement. Any increase or decrease in the value of the lease liability subsequent to this remeasurement is recognized as an adjustment to the right-of-use asset to the same extent.

Finally, the lease liability is derecognized when the Company fulfills all lease payments. When the Company determines that it is probable that it will exercise an early termination of the contract that leads to a cash disbursement, such disbursement is accounted as part of the liability's remeasurement mentioned in the previous paragraph; however, in cases in which the early termination does not involve a cash disbursement, the Company cancels the lease liability and the corresponding right-of-use asset, recognizing the difference immediately in the Consolidated Statement of Income.

The Company as lessor

Leases for which the Company serves as a lessor are classified as financial or operational. Provided that the terms of the lease substantially transfer all risks and benefits from the property to the tenant, the lease is classified as a financial lease. Other leases are classified as operating leases.

Operating lease income is recognized in a straight line during the term of the corresponding lease. The initial direct costs incurred in the negotiation and organization of an operating lease are added to the book value of the leased asset and recognized in a straight line during the lease term. The amounts for financial leases are recognized as Accounts receivable being the amount of the Company's net investment in leases.

The subsidiary Almacенamientos Subterráneos del Sureste, S.A. de C.V. (ASS) signed a contract for underground storage services of liquefied petroleum gas through a warehouse plant with Pemex-Gas y Petroquímica Básica (PEMEX) for a 20-year term. The amount of the investment was approximately 180 million of US dollar. In accordance with IFRS, an implicit lease was identified within the above contract since the components forming the stipulated rate consider a fixed portion allocated and approved to recover the amount of the initial investment. Additionally, ASS will grant PEMEX the right to use the facilities for a period of 20 years, which is representative of the useful life of the assets. It is important to mention that for legal purposes the assets remain owned by ASS.



q. Intangible assets.

Intangible assets represent payments whose benefits will be received in the future. The Company classifies its intangible assets as definite life assets and indefinite-lived assets, according to the period in which the Company expects to receive benefits.

Intangible assets with definite lives are amortized over their useful lives. Intangible assets with indefinite lives are not amortized and are subject to an annual evaluation of impairment.

The Company's main intangible asset of definite life is the customer listing, which is related to a business acquisition. This list is valued at fair value, using the method of surplus operating income, which is to discount to present value the projected flows attributable to the customer list. It is amortized based on the straight-line method over 10 years.

Additionally, the Company has recognized goodwill attributable to business acquisitions, and in 2018 an investment in SAP technology was initiated.

r. Impairment of intangible and tangible assets.

At the end of each reporting period, the Company reviews the carrying amounts of its intangible and tangible 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. An impairment loss is recognized in income if the carrying amount of the asset exceeds the recoverable amount.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. The value in use is determined by discounting estimated future cash flows to their present value using a pre-tax discount rate that reflects the value of money considering current market and specific risks of the assets.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its book value, the book value of the asset (or cash-generating unit) is reduced to its recoverable amount and the amount of loss is recognized in profit or loss.

s. Provisions.

Provisions are recognized for current obligations that result from a past event, that are probable to result in the future use of economic resources, and that can be reasonably estimated; long-term provisions are determined at the present value of future cash flows.

When trials are in process, estimates are made based on information and facts at the date of the Consolidated Statements of Financial Position.

t. Employee benefits.

- Employee defined benefits

The cost of benefits is determined using the projected unit credit method, with actuarial valuations carried out at the end of each reporting period, using economic assumptions of conditions of the country and the Company.

Actuarial remeasurements are recognized directly in other comprehensive income.

Vested benefit obligation recognized in the Consolidated Statements of Financial Position represents the present value of the defined benefit obligation at the end of each reporting period, adjusted for actuarial gains and losses, less the fair value of plan assets. Any asset arising from this calculation is limited to unrecognized actuarial losses, plus the present value of reimbursements and reductions of future contributions to the plan.



- Benefits for termination

They are recognized as an expense when the Company is committed to provide benefits for termination of the labor relationship.

- Short-term benefits

Direct employee benefits are calculated based on the services rendered by employees, considering their actual salaries. The related liability is recognized as it accrues. These benefits primarily include statutory employee profit sharing (PTU) payable, Christmas bonuses, vacation premiums and incentives. PTU is recorded in the profit or loss of the year in which it is incurred and included in the accounts of cost of sales, selling expenses, and administrative expenses in the Consolidated Statements of Income. PTU is determined based on the taxable income under Section I of Article 9 of the Income Tax Law.

u. Income taxes.

Income tax expenses represent the sum of the current income tax and deferred taxes.

- Current income tax

Current income tax ("ISR") is recognized in the profit or loss of the year incurred.

- Deferred income taxes

Deferred income taxes are generally recognized for all taxable 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, corresponding rates to these differences, and in case, tax losses and tax credits benefits.

Assets or liabilities for deferred taxes are generally recognized for all deductible temporary differences, if and only if, it becomes probable that the taxable income could eventually cover the deductible temporary differences. A deferred tax asset will be recognized for all deductible temporary differences, insofar that it is probable that the Company has future taxable profits against which those deductible temporary differences may apply. These assets and liabilities are not recognized if temporary differences arise from goodwill or initial recognition (other than the business combination) of other assets and liabilities in an operation that does not affect the fiscal or accounting result.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except when the Company is able to control the reversal of the temporary difference and when it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient future taxable profits against those utilized temporary differences and they are expected to be reversed in the near future.

The carrying value of a deferred tax asset should be reviewed at the end of each reporting period and should be reduced to the extent that it is considered that there will not be sufficient taxable income allowing the asset to be recovered.

Deferred taxes assets and liabilities are measured using enacted tax rates expected to be applied in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantially approved at the end of the reporting period.

The valuation of deferred taxes assets and liabilities 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 book value of its assets and liabilities.



- Current and deferred income tax

Income taxes incurred or deferred are recognized as income or expenses in the Consolidated Statements of Income, except when it relates to items that are recognized outside the Consolidated Statements of Income, either in other comprehensive income or in equity. In case of a business combination, the tax effect is included in the recognition of the business combination.

v. Earnings per share.

Basic earnings per common share are calculated by dividing income corresponding to the equity attributable to shareholders of CYDSA by the weighted average number of common shares outstanding during the year. Diluted earnings per share is determined by adjusting common shares outstanding to include equivalent common shares under the assumption that the Company's commitments to issue its own shares will be realized. The basic and diluted earnings is the same for all periods presented.

3. KEY ACCOUNTING JUDGMENTS AND ESTIMATES

In applying the Company's accounting policies, as described in Note 2, the Company's Management makes judgments, estimates and assumptions about certain amounts of assets and liabilities in the Consolidated Financial Statements. The estimates and associated assumptions are based on experience and other factors considered relevant. Actual results could differ from those estimates.

Estimates and associated assumptions are constantly reviewed. Changes to accounting estimates are recognized in the period in which the estimate is changed if the change affects only that period, and are recognized in the current period and future periods if the change affects both the current and future periods.

a. Key judgments in applying accounting policies

i) Control over subsidiaries

Judgment applied for purposes of determination of control over the subsidiary Quimobásicos, S.A. de C.V., is described in Note 2 c).

ii) Functional currency.

To determine the functional currency of the Company, Management evaluates the economic environment in which it primarily generates and disburses cash. For this, factors related to sales, costs, financing sources and cash flows generated by the operation are considered. The management of the Company has determined the functional currency of Cydsa, S.A. B. de C.V. and its subsidiaries based on what is disclosed in note 2c.

b. Key accounting estimates

The accounting judgments and key sources of uncertainty in applying the estimates made at the date of the Consolidated Financial Statements, which have a significant risk and may result in an adjustment to the book value of assets and liabilities during future financial periods, are as follows:

i) Useful lives and residual values of property, plant and equipment.

Useful lives and residual values of property, plant and equipment are used to determine depreciation expense of such assets and are determined with the assistance of internal and external specialists as deemed necessary. 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 expense are affected prospectively.



ii) Assessments to determine the recoverability of deferred tax assets.

On an annual basis, the Company prepares projections to determine if it will generate sufficient taxable income to utilize its deferred tax assets associated with deductible temporary differences, including tax loss carryforwards and other tax credits.

iii) Impairment of tangible and intangible long-lived assets.

The carrying amount of long-lived assets is reviewed for impairment in case that situations or changes in the circumstances indicate that it is not recoverable. If there are impairment indicators, a review is carried out to determine whether the carrying amount exceeds its recoverability value and whether it is impaired. In the impairment evaluation, assets are grouped in the cash generating unit to which they belong. The recoverable amount of the cash generating unit is calculated as the present value of future cash flows that the assets are expected to produce. There will be impairment if the recoverable value is less than the carrying amount.

The Company defines the cash generating units and estimates the periodicity and cash flows that it should generate. Subsequent changes in grouping cash generating units, or changes in the assumptions underlying the estimate of cash flows or the discount rate, could affect the carrying amounts of the respective assets.

The value-in-use calculations require the Company to determine future cash flows generated by cash generating units and an appropriate discount rate to calculate the present value thereof. The Company uses income cash flows projections using market condition estimates, future pricing determination of its products and volumes of production and sales. In addition, for the purposes of the discount and perpetuity growth rate, the Company uses market risk premium indicators and long-term growth expectations in the market it operates.

The Company estimates a discount rate before taxes for the purposes of the goodwill impairment test, which reflects current evaluations of the time value of money and the specific risks to the asset for which estimates of future cash flows have not been adjusted. The discount rate estimated by the Company is based on the weighted average cost of capital of similar entities. In addition, the discount rate estimated by the Company reflects the return that investors would require if they had to take an investment decision on an equivalent asset in generation of cash flows, time and risk profile.

The Company annually reviews the circumstances that give rise to an impairment loss to determine whether such circumstances have changed or have generated reversal conditions. If affirmative, the recoverable value is calculated and, if applicable, the reversal of the impairment previously recognized. In case an impairment loss from goodwill arises, no reversal procedures are applied.

iv) Assumptions used in employee retirement and termination benefit plans.

The Company utilizes 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.

v) Assumptions used for land remediation provision.

The Company's management determines its best estimate of the expenditure to be incurred for the remediation of lands, based on the amount it would disburse to settle its obligation at the end of the reporting period. This estimate is presented within the item long-term provisions.

vi) Estimation of the discount rate to calculate the present value of future minimum income payments.

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



The Company uses a three-tier 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 this model, management also considers its policies and practices to obtain financing, distinguishing between that obtained at the corporate level (that is, by the holder), or at the level of each subsidiary.

Finally, for the leases of real estate, or, in which there is significant and observable evidence of its residual value, the Company estimates and evaluates an adjustment for the characteristics of the underlying asset, taking into account the possibility that said asset be granted as collateral or guarantee against the risk of default.

vii) Estimate of the lease term.

The Company defines the term of the leases as the period for which there is a contractual payment commitment, considering the non-cancelable period of the contract, as well as the renewal and early termination options that are likely to be exercised. The Company participates in lease contracts that do not have a definite forced term, a defined renewal period (if it contains a renewal clause), or automatic annual renewals, so, to measure the lease liability, it estimates the term of the contracts considering their contractual rights and limitations, their business plan, as well as the administration's intentions for the use of the underlying asset.

Additionally, the Company considers the early termination clauses of its contracts and the probability of exercising them, as part of its estimate of the lease term.

The Company is subject to contingent transactions or 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 status at the date of the estimate, and the opinion of the legal advisors.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES

a. Financial instruments by category.

As of December 31, 2024, 2023 and 2022, the financial assets and liabilities are as follows:

	2024	2023	2022
Total financial assets	\$ 11,383	\$ 8,928	\$ 10,074
Total financial liabilities	19,735	16,655	18,943

Financial assets correspond to total assets excluding: inventories, investment in associates, property, plant and equipment, right of use leased assets and intangible assets.

Financial liabilities correspond to total liabilities except for deferred income tax.

b. Fair value of financial instruments.

The amounts of cash, cash equivalents, accounts receivable and accounts payable, approximate fair value because they have short-term maturities and accrue interest at rates linked to market indicators, as appropriate. In order to determine the fair value for international bonds (Senior Notes), the market prices at the end of each period were used. Bank loans accrue a variable interest rate plus a spread, considering the risks of the company and the country, linked to market indicators, therefore their book value is close to their fair value. The fair value measurement of the bank loans is considered Level 2, and the Senior Notes are considered Level 1 of the hierarchy, as described below:



Fair Value Hierarchy

The analysis of the financial instruments measured according to their fair value hierarchy is presented below. Presented below are the three different levels used:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Other valuations included quoted prices for similar instruments in active markets that are directly or indirectly observable.
- Level 3: Valuations made through techniques in which one or more of their significant data inputs are not observable.

c. Financial risk management.

The activities carried out by the Company expose it to a variety of financial risks that include: Liquidity risk, credit risk and market risks, mainly determined by interest rate risk and currency risk, which arise from obtaining debts in currency foreign, variable rate debts and flows to be received in foreign currency.

The financial risks management is governed by the Company's Policies approved by the Corporate Practices and Audit Committee, and is carried out by Corporate Treasury. The Corporate Treasury reports its activities periodically to the Planning and Finance Committee, an organ of the Board of Directors that monitors the risks and policies implemented to mitigate risk exposures.

d. Company exposure to market risks.

Interest rate risk.

As part of the strategy to improve the capital structure, the Company has financed part of the capital investments made with credit lines of financial institutions. The Company estimates to continue applying said strategy in the future.

The credit lines contracted contemplate the payment of interest at a variable rate, which exposes the Company to its risk. The exposure to risk lies mainly in the variations that could occur in the reference interest rate used as a base in Mexico and in the United States of America (Interbank Equity Interest Rate or "TIIE" at 91 days and the "Secure Overnight Financing Rate or "SOFR" at 3 months, respectively).

The Company constantly monitors the evolution of these interest rates. Historically, the trend of the TIIE at 91 days and the 3M SOFR has been on the rise, however over the last two years volatility on such rates has been observed. The TIIE at 91 days as of December 31, 2024 closed at 10.6327%, while the 3M SOFR closed at 4.30510%. Therefore, the Company has contracted hedging instruments to cover the risk of an increase in said interest rates.

As of December 31, 2024, the Company recorded a short and long-term debt balance of \$14,792 (excluding unpaid accrued interest, commissions and discounts), of which \$1,121 causes interest at a 91-day TIIE rate plus 2.5 percentage points, \$1,471 (US\$ 70.7 million) causes interest at a 3M SOFR rate plus adjustment of .26161 plus 2.9 percentage points and \$3,590 (US\$172.7 million) causes semi-annual interest at a fixed rate of 6.25% \$2,149 (US\$103.3 million) causes interest at a 6M SOFR rate plus 1.6 percentage, \$850 causes interest at a 28-day TIIE plus 1.0 percentage, \$1,360 causes interest at a 28-day TIIE rate plus 1.5 percentage points, \$143 causes interest at a 28-day TIIE rate plus 1.4%, \$2,014 causes interest at a 28-day TIIE plus 1.50 percentage and \$2,094 causes interest at a 91-day TIIE plus 1.50 percentage. Interest from the bank debt for 2024, 2023 and 2022 was \$1,366, \$789 and \$643, respectively.



Exchange rate risk.

The Company's main risk involves changes in the value of the Mexican peso against the US dollar, as well as the international prices of some of the inputs and outputs. During 2024, 2023 and 2022, the Company's consolidated revenues of 70%, 72% and 75%, respectively, arise from subsidiaries with the US dollar as its functional currency. Substantially all other revenues are denominated in Mexican pesos.

For companies whose functional currency is the peso, the balance of cash and equivalents in pesos represent 29% of the total item. It also maintains balances of suppliers and financial debt in foreign currency for 279 million dollars respectively. The Company carried out an exchange rate sensitivity analysis that indicates that in the event of a 10% depreciation of the peso against the dollar, the effects on net income would reflect a loss effect of \$94.

Objective of financial market risk management.

The Company and its subsidiaries, as of December 31, 2024, are exposed to financial risks due to the course of their business. The financial risks that it has are exchange rates and interest rates. Those risks arise from obtaining debts in foreign currency, debts at a variable rate and flows to be received in foreign currency.

The hedging instruments contracted related to hedging are the following:

Call Spread	Debt Revaluation in Foreign Currency	18%
IRS SOFR	Variable Rate Debt (SOFR)	100%
IRS TIIE	Variable Rate Debt (TIIE)	100%
Forward USD/MXN	Cash Flow to Receive in Foreign Currency	100%

The objective of these derivative financial instruments is to carry out a hedging strategy for different hedged items. For the hedging relationship of the Call Spreads, the objective is to cover the exchange rate fluctuation of the liability they have in foreign currency (USD). For the IRS, it seeks to reduce the variability of the interest payment of a variable rate debt by 75% of the term of the debt. For USD / MXN forwards, the aim is to reduce the variability of the exchange rate of flows that they will receive in the future in foreign currency.

The Company has designated those Accounting Hedge instruments under the cash flow hedging scheme in terms of what is allowed by international accounting regulations and has formally documented each hedge relationship, establishing the objectives, the management strategy to cover the risk, the identification of the hedging instrument, the hedged item, the nature of the risk to be covered and the methodology of the evaluation of effectiveness.

As of December 31, 2024, the results of the effectiveness of the hedge of the forwards confirm that the hedging relationship is highly effective, given that changes in the fair value and cash flows of the hedged item are offset in the range of effectiveness established by the Company (80%-125%).

The method used is the compensation of flows using a hypothetical derivative, this method consists in comparing the changes in the fair value of the hedging instrument with the changes in the fair value of the hypothetical derivative that would result in a perfect coverage of the hedged item.

For the coverage ratio of interest rate swaps and call spreads it is documented that these hedges are highly effective given that the characteristics of the derivative and credit are perfectly aligned and, therefore, it is confirmed that there is an economic relationship. In addition, both the credit profile of the Company and the counterparty are good and are not expected to change in the medium term; therefore, the credit risk component is not considered to dominate the hedging relationship. The method used to evaluate effectiveness is through a qualitative evaluation comparing the critical terms between the hedging instruments and the instruments covered.



According to the calendar of the cash flows of the hedging instruments and of the hedged item, there could only be a slight lag in time in the case of forwards since the hedged item is a budget of the flows to be received while the derivatives have quarterly maturity. Under this structure, the average coverage ratio of the relationship is obtained and the issue of some possible coverage is ruled out.

In these hedging relationships, the possible sources of ineffectiveness may be some movement in the credit profile of the counterparties or that the amount of the hedged item is less than the notional amount of the hedging instrument.

The detail of the hedging instruments and hedged instruments (in thousands of pesos unless otherwise indicated):

December 2024 (In millions)

	Call Spreads	Forwards	IRS USD	IRS MXN
Reference amount	70	11	71	1,120
Currency	USD	USD	USD	MXN
Underlying	USD/MXN	USD/MXN	SOFR 3M	TIIE 91D
Fair Value	(7)	13	59	53
Average Strike in pesos	22 - 31	18.34	3.38%	8.54%
Expiration	30-Sep-27	17-Jan-25	19-Apr-32	19-Apr-32
Change in Fair Value to measure Ineffectiveness	\$(7)	\$13	\$59	\$53
Recognized Effect in OCI	9	13	59	53
Recognized Ineffectiveness in P&L	-	-	-	-
Reclassification of OCI to P&L	(16)	-	-	-
Change in the Fair Value of the Covered Item	\$7	\$(13)	\$(59)	\$(53)
Prospective Test	100%	99.77%	100%	100%
Exposure	Senior Notes USD	Income	Variable rate	Variable rate
Book Value of the Covered Item	276	N/A	67	997
Covered Item Budget	N/A	11	N/A	N/A
Coverage Ratio	25%	100%	100%	100%

December 2023 (In millions)

	Call Spreads	Forwards	IRS USD	IRS MXN
Reference amount	285	11	74	1,179
Currency	USD	USD	USD	MXN
Underlying	USD/MXN	USD/MXN	SOFR 3M	TIIE 91D
Fair Value	(88)	(8)	24	8
Average Strike in pesos	22 - 31	18.34	3.38%	8.54%
Expiration	30-Sep-27	17-Jan-25	19-Apr-32	19-Apr-32
Change in Fair Value to measure Ineffectiveness	\$(88)	\$(8)	\$24	\$8
Recognized Effect in OCI	(44)	(8)	24	8
Recognized Ineffectiveness in P&L	-	-	-	-
Reclassification of OCI to P&L	(45)	-	-	-
Change in the Fair Value of the Covered Item	\$88	\$8	\$(24)	\$(8)
Prospective Test	100%	99.47%	100%	100%
Exposure	Senior Notes USD	Income	Variable rate	Variable rate
Book Value of the Covered Item	376	N/A	70	1,075
Covered Item Budget	N/A	11	N/A	N/A
Coverage Ratio	76%	100%	100%	100%



December 2022 (In millions)

	Call Spreads	Forwards	IRS USD	IRS MXN
Reference amount	285	10	78	1,227
Currency	USD	USD	USD	MXN
Underlying	USD/MXN	USD/MXN	Libor 3M	TIIE 91D
Fair Value	(107)	(7)	44	19
Average Strike in pesos	22 - 31	20.64	3.38%	8.54%
Expiration	30-Sep-27	17-Oct-23	19-Apr-32	19-Apr-32
Change in Fair Value to measure Ineffectiveness	\$(107)	\$(7)	\$44	\$19
Recognized Effect in OCI	(71)	(7)	44	19
Recognized Ineffectiveness in P&L	-	-	-	-
Reclassification of OCI to P&L	(36)	-	-	-
Change in the Fair Value of the Covered Item	\$107	\$7	\$(44)	\$(19)
Prospective Test	100%	99.77%	100%	100%
Exposure	Senior Notes USD	Income	Variable rate	Variable rate
Book Value of the Covered Item	332	N/A	73	1,136
Covered Item Budget	N/A	10	N/A	N/A
Coverage Ratio	86%	100%	100%	100%

e. Price risk.

The Company depends on its suppliers for the providing of raw materials. Gas and electricity are raw materials used in the production of chlorine and caustic soda, as well as salt, and in the last years, the price of these inputs have presented volatility. The reference market price for natural gas “Henry Hub is the New York Mercantile Exchange” (NYMEX); the average price per MBTU, during 2024, 2023 and 2022 were US\$3.4, US\$2.58 and US\$3.52, respectively. The CFE is a decentralized public company in charge of producing and distributing electricity in Mexico. Electricity rates have been influenced also by the volatility of natural gas, which is used to generate electricity.

Others consolidated costs and expenses of the Company are denominated in pesos (except for the fees for technical services, to the extent they are paid based on a fixed minimum annual payment).

f. Credit risk.

Credit risk represents the potential loss due to non-compliance with the counterparties of their payment obligations. Credit risk is generated by cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to clients, including accounts receivable and compromised transactions.

The Company designates, from a business and credit risk profile point of view, the significant clients with which it maintains an account receivable, distinguishing those that require an individual credit risk assessment.

Each subsidiary is responsible for managing and analyzing the credit risk for each of its new customers before setting the payment terms and conditions. If wholesale customers are independently qualified, these are the qualifications used. If there is no independent rating, the Company's risk control evaluates the credit quality of the client, taking into account its financial position, previous experience and other factors. The maximum exposure to credit risk is given by the balances of these items, as presented in the Consolidated Statement of Financial Position.

Additionally, the Company conducts a qualitative evaluation of economic projections, in order to determine the possible impact on probabilities of default and the recovery rate assigned to its customers.

During the year ended December 31, 2024, there have been no changes in estimation techniques or assumptions.



The Company recognizes a profit or loss due to impairment in profit or loss for the period with an adjustment corresponding to its carrying amount through a loss provision account.

The Hydrocarbons Underground Storage business segment presents a credit risk concentration of 100% of its operation with a single client.

g. Liquidity risk.

Diverse economic or industry factors, such as financial crises, could affect the cash flow of the Company. These factors are not controllable by the Company. However, the Company manages liquidity risk through analysis and continuous monitoring of actual and projected cash flows to anticipate and handle any eventuality in order to meet all obligations. The Company has established a framework for risk management by maintaining special purpose funds, and to establish an appropriate diversification of its debt in both term and funding sources.

The following table details the Company's expected maturity for its derivative and non-derivative financial liabilities. The table has been designed based on the undiscounted contractual maturities of financial liabilities. Inclusion of information on derivative and non-derivative financial liabilities is necessary to understand the Company's liquidity risk management.

	<u>2025</u>	<u>2026 and 2027</u>	<u>2028 and after</u>
As of December 31, 2024			
Trade and other payables	\$ 3,892	\$ 291	\$ 664
Derivative financial instruments	32	-	-
Short and long-term debt (excluding debt issuance costs)	752	5,916	7,851
Right of use liabilities	170	67	261
	<u>2024</u>	<u>2025 and 2026</u>	<u>2027 and after</u>
As of December 31, 2023			
Trade and other payables	\$ 4,097	\$ 292	\$ 456
Derivative financial instruments	101	-	-
Short and long-term debt (excluding debt issuance costs)	474	1,934	9,006
Right of use liabilities	119	94	83
	<u>2023</u>	<u>2024 and 2025</u>	<u>2026 and after</u>
As of December 31, 2022			
Trade and other payables	\$ 3,937	\$ 273	\$ 794
Derivative financial instruments	152	93	-
Short and long-term debt (excluding debt issuance costs)	310	1,597	11,522
Right of use liabilities	83	127	55

h. Capital Risk Management.

The Company's objectives when managing capital is to preserve its ability to continue as a going concern, so that it can continue to provide returns to stockholders and benefits to other stakeholders, as well as maintaining an optimal capital structure to reduce the cost of capital.

The Company's Management monthly monitors the capital structure, which can be adjusted or maintained through: Payment of dividends to shareholders, reduction of contributed capital, issuance of new shares or sale of assets to reduce debt.



The Company follows up on the financial leverage indicator (total liabilities between stockholders' equity). This indicator was 1.38 as of December 31, 2024, 1.40 as of December 31, 2023 and 1.69 as of December 31, 2022.

Additionally, it periodically monitors external impacts that might affect stockholders' equity, mainly exchange rate risk exposure.

5. CASH AND CASH EQUIVALENTS

	2024	2023	2022
Funds for general uses:			
Cash	\$ 396	\$ 431	\$ 829
Daily investments of cash surpluses	2,024	1,166	1,940
	<u>\$ 2,420</u>	<u>\$ 1,597</u>	<u>\$ 2,769</u>

Daily investments of cash surpluses are mainly deposited on investment funds and money market funds.

As of December 31, 2024, 2023 and 2022 the Company holds restricted cash derived from a contracted banking syndicate loan in October 2018, as described below:

	2024	2023	2022
Restricted cash:			
Short term	\$ 185	\$ 80	\$ 151
Long term	135	53	111
	<u>\$ 320</u>	<u>\$ 133</u>	<u>\$ 262</u>

6. TRADE RECEIVABLES, NET

The trade receivables are valued at amortized cost and include amounts that are past due at the end of the reporting period, but for which the Company has not recognized any allowance for doubtful accounts as there has been no significant change in the credit quality and the amounts are still considered recoverable. The Company has insurance that covers the accounts receivable of various subsidiaries.

	2024	2023	2022
Clients	\$ 3,224	\$ 2,702	\$ 2,059
Allowance for doubtful accounts	(52)	(48)	(49)
	<u>\$ 3,172</u>	<u>\$ 2,654</u>	<u>\$ 2,010</u>

Aging of accounts receivable overdue but not uncollectible:

	2024	2023	2022
60 to 90 days	\$ 231	\$ 56	\$ 24
More than 90 days	120	26	49
	<u>\$ 351</u>	<u>\$ 82</u>	<u>\$ 73</u>

Changes in the allowance for doubtful accounts:

	2024	2023	2022
Beginning balance	\$ 48	\$ 49	\$ 51
Decrease (increase)	4	(1)	(2)
Ending balance	<u>\$ 52</u>	<u>\$ 48</u>	<u>\$ 49</u>



7. OTHER CURRENT ASSETS

	2024	2023	2022
Recoverable taxes	\$ 1,437	\$ 1,273	\$ 1,084
Advances to vendors	24	52	33
Insurance and payment bonds	64	35	52
Guarantee deposits	5	4	7
Claim to insurer	4	4	4
Finance lease	63	42	39
Discontinued operations	14	17	17
Others	191	143	93
	<u>\$ 1,802</u>	<u>\$ 1,570</u>	<u>\$ 1,329</u>

8. INVENTORIES

	2024	2023	2022
Finished goods	\$ 991	\$ 717	\$ 871
Raw materials and components	367	262	174
Spare parts and accessories	276	341	307
Other inventories	72	60	89
	<u>\$ 1,706</u>	<u>\$ 1,380</u>	<u>\$ 1,441</u>

The cost of consumption of raw material inventories recognized in cost of sales was \$2,604 in 2024, \$1,747 in 2023 and \$1,941 in 2022.

9. FINANCE LEASE

The integration of the account receivable from the financial lease as of December 31, 2024, 2023 and 2022:

	Net investment of the financial lease		
	2024	2023	2022
Less than 1 year	\$ 63	\$ 42	39
Between 1 and 5 years	285	190	179
More than 5 years	3,179	2,680	3,173
	<u>\$ 3,527</u>	<u>\$ 2,912</u>	<u>3,391</u>
(-) Short term	63	42	39
Long term	<u>\$ 3,464</u>	<u>\$ 2,870</u>	<u>3,352</u>



10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The financial information related to the Company's share in associates and joint venture engaged in non-strategic activities for the Company are as follows:

	<u>% of Participation</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Servicio Superior Ejecutivo, S.A. de C.V.	50.00%	\$ 123	\$ 130	\$ 122
Aero Ventas, S.A. de C.V.	16.66%	34	35	34
Aero Ventas de México, S.A. de C.V.	20.00%	19	18	22
Aero Salmón, S.A. de C.V.		-	-	33
Others		11	11	11
		<u>\$ 187</u>	<u>\$ 194</u>	<u>\$ 222</u>

Below is the condensed financial information of the associated entities and joint venture.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total assets	\$ 574	\$ 580	\$ 646
Total liabilities	\$ 17	25	30
Total equity	\$ 557	\$ 555	\$ 616
Participation in the net assets of associates and joint venture	\$ 187	\$ 194	\$ 222
Total revenues	\$ 115	\$ 125	\$ 176
Net loss of the year	\$ (24)	\$ (14)	\$ (51)
Participation in the results of associates and joint venture	\$ (7)	\$ (2)	\$ (12)



11. PROPERTY, PLANT AND EQUIPMENT, NET

	Land	Buildings and constructions	Machinery and equipment	Office furniture and equipment	Vehicles	Computer equipment	Projects in process	Total
INVESTMENT								
Balances as of January 1, 2022	\$2,217	\$3,658	\$17,352	\$102	\$111	\$252	\$5,239	\$28,931
Additions	-	1	7	-	3	8	2,451	2,470
Disposals	(6)	(1)	(15)	-	(3)	(1)	-	(26)
Transfers	2	114	429	5	4	37	(591)	-
Translation effects	(59)	(38)	(439)	(1)	(1)	(2)	(328)	(868)
Balances as of December 31, 2022	2,154	3,734	17,334	106	114	294	6,771	30,507
Additions	-	1	273	1	6	7	1,525	1,813
Disposals	(1)	-	(179)	(3)	(10)	(7)	-	(200)
Transfers	-	177	2,825	2	7	18	(3,029)	-
Translation effects	(143)	(262)	(1,840)	(6)	(1)	(14)	(602)	(2,868)
Balances as of December 31, 2023	2,010	3,650	18,413	100	116	298	4,665	29,252
Additions	-	1	811	4	501	9	936	2,262
Disposals	-	(1)	(743)	(7)	(4)	(4)	(1)	(760)
Transfers	-	541	2,105	2	4	31	(2,683)	-
Translation effects	210	316	3,174	8	43	26	1,001	4,778
Balances as of December 31, 2024	2,220	4,507	23,760	107	660	360	3,918	35,532
ACCUMULATED DEPRECIATION								
Balances as of January 1, 2022	-	(1,551)	(9,930)	(72)	(72)	(170)	-	(11,795)
Depreciation for the year	-	(123)	(820)	(8)	(11)	(29)	-	(991)
Transfers	-	-	-	-	-	-	-	-
Translation effects	-	19	149	3	3	2	-	176
Balances as of December 31, 2022	-	(1,655)	(10,601)	(77)	(80)	(197)	-	(12,610)
Depreciation for the year	-	(119)	(697)	(6)	(14)	(34)	-	(870)
Transfers	-	-	-	-	-	-	-	-
Translation effects	-	131	1,125	4	4	10	-	1,274
Balances as of December 31, 2023	-	(1,643)	(10,173)	(79)	(90)	(221)	-	(12,206)
Depreciation for the year	-	(149)	(979)	(5)	(10)	(33)	-	(1,176)
Transfers	-	-	-	-	-	-	-	-
Translation effects	-	(217)	(1,618)	(6)	(2)	(10)	-	(1,853)
Balances as of December 31, 2024	-	(2,009)	(12,770)	(90)	(102)	(264)	-	(15,235)
Property, plant and equipment, net as of December 31, 2024	\$2,220	\$2,498	\$10,990	\$17	\$558	\$96	\$3,918	\$20,297



12. RIGHT-OF-USE ASSETS

The Company leases several fixed assets, including buildings, machinery, vehicles and computer equipment. The average lease term is 4 years.

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

	Land	Buildings and constructions	Machinery and equipment	Vehicles	Total
Balance as of January 1, 2023	\$ 1	\$ 22	\$ 197	\$ 37	\$ 257
Additions	2	6	121	17	146
Depreciation for the year	(1)	(14)	(78)	(27)	(120)
Balance as of December 31, 2023	2	14	240	27	283
Additions	19	124	136	8	287
Depreciation for the year	(4)	(35)	(57)	(22)	(118)
Balances as of December 31, 2024	<u>\$ 17</u>	<u>\$ 103</u>	<u>\$ 319</u>	<u>\$ 13</u>	<u>\$ 452</u>

Depreciation recognized in statements of income is presented in cost of sales, selling and administrative expenses.

The Company has not signed lease agreements that as of the date of these consolidated financial statements have not been initiated. In addition, there are no signed low-value or short-term lease contracts.

During the year, the Company did not make significant extensions to the terms of its lease agreements.

13. LEASE LIABILITIES

The analysis of the liability for leased assets according to their maturity, as of December 31, 2024, 2023, and 2022 is integrated as follows:

	2024	2023	2022
Less than 1 year	\$ 170	\$ 119	\$ 83
Between 1 and 3 years	220	28	82
Between 3 and 5 years	43	64	44
More than 5 years	65	85	56
Total long term	328	177	182
	<u>\$ 498</u>	<u>\$ 296</u>	<u>\$ 265</u>

The Company does not face a liquidity risk with respect to its lease liabilities. Lease liabilities are monitored through the Company's Treasury.

14. INTANGIBLE ASSETS

Balances as of December 31, 2024, 2023 and 2022 are \$310, \$276 and \$254, respectively. Concepts capitalized as intangible include: business acquisitions (customer list and goodwill) and investment in SAP technology.



15. CURRENT FINANCIAL DEBT

During the third and fourth quarters of 2024, two short-term loans were made available with HSBC for an amount of \$103 million and with Banco del Bajío for \$40 million, both at a rate of TIIE + 1.40%. The proceeds from this financing were used for general corporate purposes.

16. FINANCIAL DEBT

	2024	2023	2022
Issuance of "Senior Notes" in dollars without guarantee (see a)	\$ 3,590	\$ 4,264	\$ 6,458
Secured bank loans in US dollars (see b)	1,471	1,260	1,510
Secured bank loans in Mexican pesos (see b)	1,121	1,179	1,228
Secured bank loans in US dollars (see c)	2,149	2,099	2,617
Secured bank loans in US dollars (see d)	-	-	2,044
Secured bank loans in Mexican pesos (see f)	850	850	-
Secured bank loans in Mexican pesos (see g)	2,094	2,094	-
Secured bank loans in Mexican pesos (see h)	1,360	-	-
Secured bank loans in Mexican pesos (see i)	2,014	-	-
	14,649	11,746	13,857
Current portion of non-current financial debt	609	474	310
	14,040	11,272	13,547
Discounts and premium on issuance of Notes and issuance expenses	(273)	(332)	(428)
Non-current financial debt	\$ 13,767	\$ 10,940	\$ 13,119

a) Issuance of "Senior Notes"

On September 19, 2017, CYDSA's General Shareholders' Meeting approved, the signing of Long Term Loans for up to US\$450 million dollars.

On October 4, 2017, the Issuance of 10-year Debt Instruments in the form of "Senior Notes" in international markets, for US\$330 million at a rate of 6.25% per annum.

On December 12, 2019, the reopening of "Senior Notes" issued on October 4, 2017 for an amount of US\$120 million was made in the international market. The additional notes establish, except for the date of issue, the same terms and conditions of those originally issued.

The Notes issued by Cydsa, S.A.B. de C.V. were placed on the international market in accordance with Rule 144 A and Regulation S of the Securities Act of 1933 of the United States of America and will not be registered under the Securities Act of 1933.

- Partial Purchases of "Senior Notes"

During 2022, CYDSA made partial purchases of its "Senior Notes", with a nominal value of 118.3 million dollars, paying an average price of 940 dollars per thousand, that is, an amount of 111.2 million dollars, therefore, the "Senior Notes" issued by CYDSA of 450 million dollars at face value, were reduced to 331.7 million dollars. The required resources were obtained from the financing of \$105 million dollars described in section d).

On September 7, 2023, CYDSA made another partial Purchase Offer abroad for its "Senior Notes". As a result of this transaction, in a first stage, Cydsa acquired "Senior Notes" on September 22 with a face value of 76.6 million dollars, obtaining a discount of 3.4 million, since the price of the Senior Notes was 955 dollars per every 1,000 of nominal value, implying a disbursement of 73.2 million dollars.



Additionally, on October 6, CYDSA executed a purchase with a nominal value of 3.1 million dollars, obtaining a discount of 0.2 million dollars, implying a disbursement of 2.9 million dollars. After this transaction, the face value of the "Senior Notes" in circulation was reduced from 331.7 million dollars to 252.0 million dollars or its equivalent in pesos of \$4,264.

During 2024, additional repurchases of its "Senior Notes" were carried out, with a nominal value of 79.3 million dollars, paying an average price of 990 dollars per thousand, that is, an amount of 78.5 million dollars, for which the "Senior Notes" issued by CYDSA were reduced to 172.7 million dollars.

The fair value of the Senior Notes as of December 31, 2024, 2023 and 2022 amounts to \$3,561, \$4,115 and \$6,132, respectively.

- b) On October 18, 2018, the Company through its subsidiary Tenedora Almacенamientos LP 206, S.A. de C.V. made a disposal of US\$156.5, corresponding to a long term bank loan.

The Credit was contracted in two tranches, one of US\$85.6 million (at a 3M SOFR rate plus and adjustment of .26161 plus 2.9 percentage points) and another of \$1,356 (at a 91-day TIEE rate plus 2.5 percentage points) both at a term of 18 years, with increasing repayments and quarterly payments of principal and interest. The Credit was structured as a "Non Recourse" financing for CYDSA, this means that it is backed exclusively by the assets and contracts related to the legal entities that constitute the LP Gas Underground Processing and Storage System, so it does not impact the contractual financial restrictions ("covenants") of the Company.

This loan was granted by a banking syndicate conformed by Banco Nacional de Obras y Servicios Públicos, S.N.C. (Banobras), Banco Nacional de Comercio Exterior, S.N.C. (Bancomext) and Banco Mercantil del Norte, S.A. (Grupo Financiero Banorte).

- c) Contracting of Financing for 134.4 million dollars

On December 22, 2021, CYDSA contracted a new financing of US\$134.4 million, for a term of eight years, including a two-year grace period, with final maturity on December 22, 2029; and at an interest rate of SOFR + 1.60%. The lender for this new financing is Banco Santander and it is guaranteed by the Italian Export Credit Agency or SACE (Servizi Assicurativi del Commercio Estero Depositi e Prestiti).

- d) Contracting of Syndicated Credit for 105 million dollars

Between April and October 2022, CYDSA contracted and arranged a New Credit Facility of US\$105.0 million granted by a syndicate of banks formed by Scotiabank, Bancomext and Banco Sabadell, for a term of four years including a two-year grace period, maturing on April 28, 2026; and at an interest rate equivalent to SOFR + 1.60%.

Using mainly the proceeds of this financing, Cydsa during 2022 made partial purchases of its Senior Notes.

On October 11, 2023, the entirety of this loan was settled early with the resources of the Santander short-term loan contracted on September 1st, 2023.

- e) On September 1st, 2023, CYDSA arranged a Short-Term Credit granted by Banco Santander for 3,000 million pesos, for a term of one year, maturing on August 31, 2024, at an interest rate of TIEE 28-day +1.50%. The entire proceeds of this loan were used to prepay the bank loan with Scotiabank for \$105 million dollars in advance and to repurchase \$79.7 million dollars of Senior Note Contracting of Syndicated Credit for the LP Gas Processing and Underground Storage Business.

- f) Issuance of Stock Certificates for \$850 million.

On November 29, 2023, CYDSA issued Stock Certificates for a total of \$850 million, for a term of three years, expiring on November 27, 2026; and at an interest rate of TIEE 28 + 1.00%. The resources from this issue were used for the partial payment of the short-term loan with Santander contracted on September 1, 2023 (see section e).



g) Long-Term Financing with Bancomext

On December 13, 2023, CYDSA contracted new financing for an amount of \$2,094 million with Bancomext, for a term of 10 years, maturing on December 19, 2033; and at an interest rate of TIIE 91 + 1.50%. The use of the resources from this loan was the advance payment of the short-term loan with Santander contracted on September 1st, 2023 (see section e).

h) On April 23, 2024, CYDSA contracted a loan for an amount of \$1,360 million with Bancomext, for a term of 10 years, maturing on April 23, 2034; and at an interest rate of TIIE 91 + 1.50%. The proceeds of this issuance were allocated for additional repurchases of "Senior Notes" (see subsection a).

i) On December 18, 2024, CYDSA contracted a loan with Scotiabank and BBVA for an amount of \$2,014 million, at a rate of TIIE + 1.50% (based on the applicable margin depending on the level of exit leverage). The destination of these resources was used to consolidate different short-term financings.

j) As of December 31, 2024, 2023 and 2022, there are assets (contracts and shares related to the LP Gas Processing and Underground Storage Business) granted in guarantee for an equivalent amount of \$2,344, \$2,482 and \$2,712 million, respectively.

k) Maturities of long-term debt are as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 1,553
2027	4,363
2028	2,828
2029	845
2030 and thereafter	4,451
	<u><u>\$ 14,040</u></u>

17. OTHER CURRENT LIABILITIES

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current maturities of land remediation obligation	\$ 39	\$ 18	\$ 16
Other taxes	1,018	1,056	928
Fixed assets suppliers	326	243	118
Wages and salaries	9	17	8
Freights and services	6	42	72
Interest payable	166	121	231
Provisions and other accumulated expenses payable	198	177	148
Others	135	136	121
	<u><u>\$ 1,897</u></u>	<u><u>\$ 1,810</u></u>	<u><u>\$ 1,642</u></u>

18. EMPLOYEE BENEFITS

a) The Company has a retirement plan under the defined benefit scheme that covers an amount equal to 3 months and 20 days per year worked for those who reach 65 years of age.

This plan also covers seniority premiums as described by the Federal Labor Law.



- b) The Company also has a protection plan for death and total permanent disability compensation for its employees and / or beneficiaries as appropriate. The benefit of this protection is obtained by selecting the greater of the following options:

- Integrated salary of 24 months.
- The amount equivalent to 3 months and 20 days per year worked; this will be paid on an integrated salary basis.

The fund constituted for this protection consist in dues of companies affiliated to this plan in Centro Social y Cultural, A.C.

The related liability and annual cost of benefits to employees are calculated by an independent actuary on the basis set out in the plans using the projected unit credit method.

The main assumptions used for actuarial valuations purposes are:

	2024	2023	2022
Discount of projected benefit obligation at present value	9.00%	9.00%	8.00%
Expected rate of return on plan assets	9.00%	9.00%	8.00%
Salary increase	4.75%	4.75%	4.75%
Future pension increase	4.00%	4.00%	4.00%
Mortality rate	0.60%	0.37%	0.39%
Disability rate	0.42%	0.42%	0.43%
Normal retirement age	65	65	65
Employee turnover rate	11.88%	11.69%	11.50%

The methodology for determining the discount rate of labor obligations considers all flows for payment of expected benefits in future years. These future flows are discounted as of the date of the Consolidated Financial Statements, considering the rate of the M Bonds of the Federal Government of Mexico "Cero coupon" further to the corresponding year. Once this present value is determined, an equivalent average rate is calculated for the whole term and the result of such rate is called the discount rate of the actuarial valuations.

Based on these assumptions, the next table shows the amounts expected to be paid for the following years.

	Pension and Retirement Plan	Seniority Premium Plan	Protection Plan
2025	\$ 97	\$ 11	\$ 26
2026	41	12	25
2027	49	13	25
2028	45	14	24
2029	58	15	23
2030 to 2033	304	82	99

- c) Sensitivity analysis of significant actuarial assumptions.

The Company analyzed certain actuarial assumptions valued through the projected unit credit method that are subject to sensitivity analysis, like the discount rate and the incremental salary rate. The reason to select such assumptions are the following:

- Discount rate: This rate determines the obligations value through time.
- Incremental salary rate: This rate considers the salary increases, which implies an increase in benefit payments.



The following table shows the effect in absolute terms of using a variation of 1% in significant actuarial assumptions of net liabilities for defined benefit plans.

+ 1% variation

Discount rate to calculate the net liability (assets) for defined benefits and net interest	Cost of current services	Net interest in the liability (assets) for defined benefits
Pension and retirement plans	\$ 14	\$ 39
Seniority premiums	\$ 6	\$ 9
Total	\$ 20	\$ 48

Expected salary increase	Cost of current services	Net interest in the liability (assets) for defined benefits
Pension and retirement plans	\$ 15	\$ 39
Seniority premiums	\$ 7	\$ 9
Total	\$ 22	\$ 48

- 1% variation

Discount rate to calculate the net liability (assets) for defined benefits and net interest	Cost of current services	Net interest in the liability (assets) for defined benefits
Pension and retirement plans	\$ 16	\$ 35
Seniority premiums	\$ 7	\$ 8
Total	\$ 23	\$ 43

Expected salary increase	Cost of current services	Net interest in the liability (assets) for defined benefits
Pension and retirement plans	\$ 12	\$ 36
Seniority premiums	\$ 6	\$ 8
Total	\$ 18	\$ 44

- d) Amounts included in the Consolidated Statements of Financial Position for the Company's obligations related to defined benefit plans are:

	2024	2023	2022
Present value of funded defined benefit obligation	\$ 701	\$ 618	\$ 659
Fair value of plan assets	(104)	(98)	(90)
Present value of unfunded defined benefit obligation	\$ 597	\$ 520	\$ 569

- e) Amounts recognized in the Consolidated Statements of Income and the Consolidated Statements of Other Comprehensive Income:

	Cost of current service	Net interest of the liability for defined benefit	Net income	Actuarial remeasureme nt
As of December 31, 2024				
Pension and retirement plans	\$ 12	\$ 33	\$ 45	\$ 18
Seniority premiums	3	10	15	8
Protection	7	12	17	19
Total	\$ 22	\$ 55	\$ 77	\$ 45



	Cost of current service	Net interest of the liability for defined benefit	Net income	Actuarial remeasureme nt
As of December 31, 2023				
Pension and retirement plans	\$ 13	\$ 35	\$ 48	\$ (66)
Seniority premiums	4	6	10	(1)
Protection	7	1	8	(8)
Total	\$ 24	\$ 42	\$ 66	\$ (75)

	Cost of current service	Net interest of the liability for defined benefit	Net income	Actuarial remeasureme nt
As of December 31, 2022				
Pension and retirement plans	\$ 18	\$ 31	\$ 49	\$ 9
Seniority premiums	5	5	10	(4)
Protection	12	-	12	(3)
Total	\$ 35	\$ 36	\$ 71	\$ 2

For the years ended December 31, 2024, 2023 and 2022, the costs for services that have been included in the Consolidated Income Statements as part of selling and administrative expenses amounted to \$22, \$24 and \$35, respectively.

Remeasurement of the defined benefit liability recognized in other comprehensive income includes the following:

- The return on plan assets, excluding amounts included in interest costs.
- Actuarial gains and losses from changes in demographic assumptions.
- Actuarial gains and losses from changes in financial assumptions.

The Company makes payments between 2% and 3% to the IMSS (Instituto Mexicano del Seguro Social, in Spanish) of its workers' integrated wage (limited), to the defined contribution plan as the concept of retirement savings system as established by the law. Expenses for this concept amounted to \$58 in 2024, \$40 in 2023 and \$30 in 2022.

- f) Changes in the net defined benefit liability for pension and retirement plan and for seniority premium plan:

Pension and retirement	2024	2023	2022
Beginning balance	\$ 440	\$ 487	\$ 484
Cost of current services	12	12	19
Financial cost	33	37	33
Actuarial gains and losses	18	(59)	1
Benefits paid	(40)	(37)	(50)
	\$ 463	\$ 440	\$ 487

Seniority premium	2024	2023	2022
Beginning balance	\$ 80	\$ 76	\$ 74
Cost of current services	3	5	5
Financial cost	12	5	5
Actuarial gains and losses	8	(1)	(4)
Benefits paid	(6)	(5)	(4)
	\$ 97	\$ 80	\$ 76



Protection plan	2024	2023	2022
Beginning balance	\$ 105	\$ 96	\$ 91
Cost of current services	7	7	12
Financial cost	10	7	6
Actuarial gains and losses	19	(4)	(13)
Benefits paid	-	(1)	-
	\$ 141	\$ 105	\$ 96

g) Changes in the fair value of plan assets:

	2024	2023	2022
Plan assets fair value as of January 1, 2024	\$ 98	\$ 90	\$ 84
Expected return	7	7	5
Actuarial generated gains and losses	3	3	(5)
Company contributions	-	-	6
Benefits paid	4	(2)	-
Plan assets fair value as of December 31, 2024	\$ 104	\$ 98	\$ 90

Categories of plan assets:

Performance				
	Expected long-term	Real		
		2024	2023	2022
Money-market	9.0%	10.19%	10.43%	7.3%

The overall expected rate of return is a weighted average of the expected returns of the plan assets.

19. PROVISIONS, COMMITMENTS AND CONTINGENCIES

The amount recognized as a provision is the best estimate of the expenditure required to settle the current obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is valued using the estimated cash flows to settle the current obligation, its carrying amount is the present value of those cash flows.

- a) Studies over land located in Santa Clara Coatitla Ecatepec, State of Mexico and Pedro Lozano in Monterrey, Nuevo Leon, were performed for purposes of cleaning and remediating such land for pollution caused by the industrial plants. Derived from these studies, carried out by independent experts, a provision for the land remediation was recorded.

Yearly movements in the provisions are shown in the following table:

	2024	2023	2022
Beginning balance	\$ 67	\$ 65	\$ 63
Increments (reductions) arising from payments or applications	17	(2)	(2)
Financial expense	5	4	4
Closing balance	89	67	65
Short-term	39	18	16
Long-term	\$ 50	\$ 49	\$ 49



- b) CYDSA, through its subsidiary IQUISA, is currently participating in a multidisciplinary team, composed of staff from the United Nations Environment Program (UNEP) and the United Nations Development Organization (UNIDO), the Secretariat for the Environment and Natural Resources (SEMARNAT), to develop with funds from “The Global Environment Facility (GEF),” the project identified as: “Eliminate mercury use and adequately manage mercury and mercury wares in the chloralkali sector in Mexico – GEF IF 10526”. This project will allow CYDSA-IQUISA and the Government of Mexico to fulfill in advance their responsibilities set out in the Minamata Agreement for the Chlorine-Soda sector, which allows the continuity of their operations without setbacks indefinitely.
- c) As of December 31, 2024, 2023 and 2022, there are bank liabilities for a total value of \$14,792, \$11,746 and \$13,857, of which \$2,592, \$2,439 and \$2,738, respectively, are secured with assets (contracts and shares related to the Underground Storage and Processing Business of Gas LP) for an equivalent amount of \$2,342 million pesos in 2024, \$2,482 in 2023 and \$2,712 million pesos in 2022.
- d) As of December 31, 2024, 2023 and 2022, there are deposits for \$453, \$306 and \$572, respectively, principally to guarantee quality assurance and delivery of products to customers.
- e) As of December 31, 2024, 2023 and 2022, there are no liabilities with long-term fixed asset suppliers..

20. SHAREHOLDERS' EQUITY

- a) Pursuant to a resolution of General Ordinary Shareholders' meeting held on March 20, 2024, the shareholders approved the following: 1) Dividend distribution of \$ 300 from the Net Tax Income Account (“CUFIN”); 2) \$ 1,500 as the maximum amount for the repurchase of own shares; and 3) to increase the legal reserve by \$104.
- b) Pursuant to a resolution of General Ordinary Shareholders' meeting held on March 29, 2023, the shareholders approved the following: 1) Dividend distribution of \$ 250 from the Net Tax Income Account (“CUFIN”); 2) \$ 1,500 as the maximum amount for the repurchase of own shares; and 3) to increase the legal reserve by \$61. Additionally, Tenedora Almacenamiento LP 206, S.A. de C.V., approved a dividend payment of \$170 of which \$8 corresponds to the non-controlling interest.
- c) Pursuant to a resolution of General Ordinary Shareholders' meeting held on March 23, 2022, the shareholders approved the following: 1) Dividend distribution of \$ 200 from the Net Tax Income Account (“CUFIN”); 2) \$ 1,500 as the maximum amount for the repurchase of own shares; and 3) to increase the legal reserve by \$28. Additionally, Tenedora Almacenamiento LP 206, S.A. de C.V., approved a dividend payment of \$39 of which \$2 corresponds to the non-controlling interest. Quimobasicos, S.A. de C.V., at the ordinary meeting of stockholders held on July 5, 2022, approved a dividend payment of \$82, of which \$40 corresponds to the non-controlling interest.
- d) The subscribed and paid capital stock, represented by Series “A” shares with no par value, are as follows:

	As of December 31,		
	2024	2023	2022
Number of shares	600,000,000	600,000,000	600,000,000
Nominal capital stock	\$ 1,485	\$ 1,485	\$ 1,485

- 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 entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2024, 2023 and 2022, the legal reserve, in historical pesos, amounted \$27, \$104 and \$416, respectively.



- f) As of December 31, 2024, the market value of Cydsa, S.A.B. de C.V.'s Series "A" shares was \$17.20 (pesos).
- g) The non-controlling interest is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Quimobásicos, SA de CV	\$ 433	\$ 405	\$ 371
Tenedora Almacenamiento LP 206, S.A. de C.V.	67	43	49
Others	18	15	14
	<u>\$ 518</u>	<u>\$ 463</u>	<u>\$ 434</u>

The condensed financial information of Quimobasicos, S.A. of C.V. is presented as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net sales	\$ 2,918	\$ 3,187	\$ 3,346
Net (loss) income	(68)	92	139
Total assets	1,896	1,907	1,819
Total liabilities	1,050	1,087	1,068

- h) In 2024, 2023 and 2022, 9,598,760, 1,597,550 and 9,180,595 shares of treasury stock were acquired (at a total cost of \$173, \$29 and \$121), respectively. At the end of 2024, 2023 and 2022, CYDSA has 68,627,207, 59,028,447 and 57,430,897 of its own shares at a cost of \$1,316, \$1,143 and \$1,114, respectively.
- i) The shareholders' equity, except restated paid-in capital and retained tax 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 taxes of the year in which the tax on dividends is paid and during the following two fiscal years.
- j) The balances of the shareholders' equity tax accounts as of December 31, are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contributed capital account	\$ 4,197	\$ 4,123	\$ 4,019
Net tax income account	15,240	14,072	13,668
Total	<u>\$ 19,437</u>	<u>\$ 18,195</u>	<u>\$ 17,687</u>

- k) In 2024, 2023 and 2022, the other comprehensive income items are represented by the cumulative translation adjustment, valuation of the effective portion of foreign operations, derivative financial instruments and remeasurement of the defined benefit plan.

Translation of foreign operations effect results of translating the Consolidated Financial Statements from the functional currency to the report currency.

Remeasurement of defined benefits plan considers variations in the actuarial assumptions and are presented net of income tax.



- l) Movements in other comprehensive income for 2024, 2023 and 2022, are presented below:

	Cumulative translation adjustments	Valuation of the effective portion of derivative financial instruments	Remeasure- ment of defined benefit plan	Non- controlling interest	Total
Balances as of January 1, 2022	\$ 673	\$ (241)	\$ 41	\$ 56	\$ 529
Other comprehensive income	(325)	205	2	13	(105)
Balances as of December 31, 2022	348	(36)	43	69	424
Other comprehensive income	(1,074)	(9)	(75)	(18)	(1,176)
Balances as of December 31, 2023	(726)	(45)	(32)	51	(752)
Other comprehensive income	2,286	127	45	86	2,544
Balances as of December 31, 2024	\$ 1,560	\$ 82	\$ 13	\$ 137	\$ 1,792

21. INCOME TAXES

- a) The Company is subject to ISR. According to the ISR Law, the rate for 2024, 2023, and 2022 is 30%, and will continue on being 30% for the next years. Due to the repeal of the Income Tax Law in force until December 31, 2013, the tax consolidation regime was eliminated, therefore, the Company and its subsidiaries have the obligation to pay the deferred tax determined on that date during the following five years from 2015, as shown below.

At the same time that the ISR Law repealed the tax consolidation regime, an option was established to calculate the ISR jointly in groups of companies (tax integration regime). The new regime allows for the case of integrated companies directly or indirectly owned in more than 80% by an integrating company, to have certain benefits in the payment of the tax (when within the Company there are entities with profits or losses in the same year), which may differ for three years and find out, in an updated form, on the date on which the declaration corresponding to the fiscal year following the one in which the aforementioned period is concluded must be submitted.

The Company and its subsidiaries opted to join the new scheme, so determined income tax for the year 2024, 2023 and 2022 together.

Pursuant to Transitory Article 9, section XV, subsection d) of the 2014 Law, given that as of December 31, 2013, the Company was considered to be a holding company and was subject to the payment scheme contained in Article 4, Section VI of the transitory provisions of the ISR law published in the Federal Official Gazette on December 7, 2009, or article 70-A of the ISR law of 2013, which was repealed, it must continue to pay the tax that it deferred under the tax consolidation scheme in 2007 and previous years based on the aforementioned provisions, until such payment is concluded.

Also, as of December 31, 2024, the ISR payable corresponding to the tax integration regime amounts to \$283, of which \$153 have a short term maturity.

- b) The provisions for ISR consist of the following:

	2024	2023	2022
Current	\$ (498)	\$ (829)	\$ (717)
Deferred	(495)	296	141
	<u>\$ (993)</u>	<u>\$ (533)</u>	<u>\$ (576)</u>



- c) The reconciliation of the statutory and effective ISR rates, expressed as a percentage of income before income taxes follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Effective income tax rate	66%	20%	31%
Less effects of permanent differences, mainly non-cumulative income, non-deductible expenses and effects of inflation	(38.9)%	7.6%	(3)%
Allowance for deferred tax asset previously not reserved	-	2%	-
Exchange rate effects	6%	(1)%	-
Derivative financial instruments	2.3%	1.4%	2%
Statutory rate	30%	30%	30%

- d) Amounts and concepts of other comprehensive items and deferred taxes effects are as follows:

	Amount after income taxes		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Valuation of the effective portion of derivative financial instruments	\$ 127	\$ (9)	\$ 205
Remeasurement of the defined benefit liability	45	(75)	2
Deferred tax	\$ 172	\$ (84)	\$ 207

- e) The main items comprising the deferred income tax liability and asset are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Deferred ISR (liabilities) assets:			
Property, plant and equipment	\$ (1,334)	\$ (436)	\$ (994)
Tax loss carryforwards	1,006	976	1,274
Employee benefits	179	156	171
Allowance for doubtful accounts	15	14	14
Right-of-use for leased assets	(34)	(78)	(17)
Derivative financial instruments	(35)	19	16
Land remediation	26	19	18
Others	16	(257)	(391)
Long-term ISR deferred asset (liability)	\$ (161)	\$ 413	\$ 91



- f) The benefits from restated tax loss carryforwards may be recovered subject to certain conditions. The years of maturity and restated amounts as of December 31, 2024 are:

Year of origin	Amount	Year of expiration
2015	87	2025
2016	180	2026
2017	143	2027
2018	329	2028
2019	552	2029
2020	454	2030
2021	561	2031
2022	299	2032
2023	363	2033
2024	385	2034
	<u>\$ 3,353</u>	

22. BALANCES AND TRANSACTIONS IN US DOLLARS

- a) The Company's assets and liabilities include inventories, fixed assets of foreign origin and derivative financial instruments, as well as monetary items that will be collected or paid in foreign currencies. The aforementioned items, valued in millions of dollars, are integrated as follows:

	2024	2023	2022
Monetary assets	334	325	342
Non-bank monetary liabilities	70	79	64
Bank loans	347	451	649

- b) The Company had the following transactions valued in dollars:

	2024	2023	2022
Export sales and other revenues	149.6	118.8	120.9
Import purchases	(164.7)	(168.5)	(164.9)
	<u>(15.1)</u>	<u>(49.7)</u>	<u>(44.0)</u>
Interest income	5.4	6.7	1.5
Interest expenses	(30.1)	(43.6)	(39.4)
	<u>(24.7)</u>	<u>(36.9)</u>	<u>(37.9)</u>
Balance of payments	<u>(39.8)</u>	<u>(86.6)</u>	<u>(81.9)</u>

- c) The year-end exchange rates per US dollar were \$20.7862 in 2024, \$16.9190 in 2023 and \$19.4715 in 2022. The exchange rate as of February 26, 2025, the issuance date of the Consolidated Financial Statements was \$20.4683 per US dollar.



23. TRANSACTIONS WITH RELATED PARTIES

Employee benefits granted to the Company's executives were as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Direct benefits	<u>\$ 275</u>	<u>\$ 260</u>	<u>\$ 228</u>

As of December 31, 2024, 2023 and 2022, the Company has balances of operations with the Non-controlling interest that are integrated as shown in the following table:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Products purchased	\$ 1,772	\$ 2,048	\$ 2,324
Miscellaneous sales	160	298	174
Brand use	3	2	3
Trade receivables	12	25	6
Trade payables	649	765	683

24. OTHER OPERATING (EXPENSES) INCOME

	<u>2024</u>	<u>2023</u>	<u>2022</u>
(Loss) gain on sale of assets	\$ (214)	\$ (48)	\$ 14
Land remediation	(19)	-	-
Other expense	(39)	(62)	(57)
	<u>\$ (272)</u>	<u>\$ (110)</u>	<u>\$ (43)</u>

25. OPERATING SEGMENTS

The segment information is presented in a manner consistent with the internal reports provided to the operational decision-maker who is the Chief Executive Officer, who is responsible for allocating resources and evaluating the performance of the operating segments and is the one who makes strategic decisions. The Chief Executive Officer considers, among others, performance measures such as profit, operating income and net income, which are consistent with those presented in the consolidated statement of comprehensive income.

a) According to IFRS 8, *Operating Segments*, the Company's business segments are as follows:

- **Salt**
- **Chlorine and caustic soda.**
- **Refrigerant Gases.**
- **Energy Processing and Logistics.**
- **Cydsa and other.**



2024	Salt	Chlorine and Caustic Soda	Refrigerant Gases	Energy Processing and Logistics	Holding and Others	Eliminations	Consolidated
<u>Consolidated Statement of Financial Position:</u>							
Total assets	\$7,273	\$18,142	\$1,939	\$21,064	\$19,179	\$(33,262)	\$34,335
Investments in productive assets	(286)	(458)	(48)	(169)	(541)	-	(1,502)
Total liabilities	2,483	9,429	1,073	19,363	20,268	(32,720)	19,896
<u>Consolidated Statement of Income:</u>							
Net sales clients	4,155	7,001	2,947	924	12	-	15,039
Net sales related parties	1,735	494	1	3,146	2	(5,378)	-
Interest income	5	13	12	19	88	-	137
(Expense) income of derivative financial instruments	-	-	-	-	(76)	-	(76)
Interest expense	(15)	(47)	(5)	(254)	(1,141)	-	(1,462)
Foreign exchange (loss) gain	(10)	(771)	(36)	847	(819)	1,126	337
Depreciation and amortization	332	643	39	259	50	-	1,323
Share in results of associates and joint venture	-	-	-	-	(7)	-	(7)
Income taxes	(62)	(408)	(77)	(553)	(9)	116	(993)

The net income by business is composed as follows: Salt and Chlorine - Caustic Soda \$477, Refrigerant Gases \$(75) and Energy Processing and Logistics \$1,043.

2023	Salt	Chlorine and Caustic Soda	Refrigerant Gases	Energy Processing and Logistics	Holding and Others	Eliminations	Consolidated
<u>Consolidated Statement of Financial Position:</u>							
Total assets	\$6,558	\$16,063	\$1,940	\$22,072	\$17,193	\$(35,306)	\$28,520
Investments in productive assets	(255)	(1,199)	(44)	(93)	(22)	-	(1,613)
Total liabilities	2,768	7,745	1,091	17,132	18,555	(30,635)	16,656
<u>Consolidated Statement of Income:</u>							
Net sales clients	3,884	6,125	3,226	920	5	-	14,160
Net sales related parties	1,468	463	3	1,731	2	(3,667)	-
Interest income	12	34	11	17	97	-	171
(Expense) income of derivative financial instruments	-	-	-	-	(183)	-	(183)
Interest expense	(21)	117	(4)	(182)	(796)	-	(886)
Foreign exchange (loss) gain	(1)	439	7	(703)	1,297	(644)	395
Depreciation and amortization	306	397	37	218	53	-	1,011
Share in results of associates and joint venture	-	-	-	-	(2)	-	(2)
Income taxes	(169)	(173)	(31)	(91)	(65)	(134)	(533)

The net income by business is composed as follows: Salt and Chlorine - Caustic Soda \$1,681, Refrigerant Gases \$95 and Energy Processing and Logistics \$620.



2022	Salt	Chlorine and Caustic Soda	Refrigerant Gases	Energy Processing and Logistics	Holding and Others	Eliminations	Consolidated
<u>Consolidated Statement of</u>							
<u>Financial Position:</u>							
Total assets	\$6,216	\$15,310	\$1,775	\$18,189	\$22,501	\$(33,846)	\$30,145
Investments in productive assets	(215)	(1,609)	(32)	(556)	(31)		(2,443)
Total liabilities	2,892	7,496	1,055	18,141	21,394	(32,035)	18,943
<u>Consolidated Statement of</u>							
<u>Income:</u>							
Net sales clients	3,436	5,888	3,346	917	25	-	13,612
Net sales related parties	1,487	585	-	1,861	2	(3,935)	-
Interest income	11	19	7	20	1,076	(1,038)	95
(Expense) income of derivative financial instruments	-	-	-	-	(142)	-	(142)
Interest expense	(25)	75	(4)	(108)	(1,737)	1,038	(761)
Foreign exchange (loss) gain	(14)	162	7	(243)	558	(256)	214
Depreciation and amortization	287	510	52	210	36	-	1,095
Share in results of associates and joint venture	-	-	-	-	(12)	-	(12)
Income taxes	(83)	(243)	(61)	(93)	(98)	2	(576)

The net income by business is composed as follows: Salt and Chlorine - Caustic Soda \$1,343, Refrigerant Gases \$139 and Energy Processing and Logistics \$567.

b) Segment general information by geographical area.

	2024	2023	2022
Revenues			
Mexico	\$ 13,277	\$ 12,853	\$ 11,997
United States and Canada	738	675	904
Central and South America	311	320	431
Asia	158	113	174
Europe	555	199	106
Consolidated total	\$ 15,039	\$ 14,160	\$ 13,612

26. CONSOLIDATED FINANCIAL STATEMENTS ISSUANCE AUTHORIZATION

On February 26, 2025, the issuance of the Consolidated Financial Statements was authorized by C.P. Humberto F. Lozano Vargas, Chief Financial Officer of the Company; consequently, they do not reflect events occurred after this date. Based on provisions set forth by the General Corporate Law, these Consolidated Financial Statements are subject to the approval or modifications of the Company's General Ordinary Shareholders' Meeting, further to provision in the General Mercantile Law.

