



## **Transcript of the BAFAR Group 3Q25 conference**

### **Andrea, Moderator:**

Good morning everyone. My name is Andrea and I will be the one to coordinate this call. I warmly welcome you to the BAFAR Group's quarterly conference for the third quarter of 2025.

I want to inform you that all participants are muted to avoid any background interference. After the presentation of the speakers, we will have a Q&A session, at which time we will provide them with instructions to participate.

I am pleased to inform you that on Monday, October 27, Grupo BAFAR published its results. If any of you have not received the report, I encourage you to contact the investor relations team, who will be happy to send you the information.

I want to emphasize that this call is intended exclusively for investors and analysts, so no press questions will be taken and the call should not be reported in the media.

It is important to note that any forward-looking statements made during this quarterly call are based on information available at this time. We suggest you review the statement in the quarterly report for more details on this issue.

At this time, we have the presence of Luis Eduardo Ramírez, Director of Finance and Administration, and Luis Carlos Piñón, Corporate Controller of Grupo BAFAR, who will share the company's results. Without further ado, I give the floor to Luis Eduardo.

### **Luis Eduardo Ramírez, Director of Finance and Administration:**

Go ahead. Thank you, Andrea. Good morning to everyone and thank you for joining us.

It is a pleasure to be able to share with you the achievements and results that Grupo BAFAR has achieved during this third quarter of the year. During the third quarter of 2025, we continued to operate in a global, dynamic and challenging environment.

We remain focused on creating sustainable value, driving digital transformation, and driving profitable growth across all our divisions. This quarter was a clear reflection of the disciplined execution of that strategy.

We achieved historic results that confirm the strength of our model and the commitment of our team at every stage of the operation. The food segment presented a 12% increase in sales.

Fibra Nova maintained its performance with a growth of 18% year-on-year, while the financial division registered an advance of 4%. In addition, on the digital front, we continue to make steady progress. We consolidated the Data Lake in collaboration with Google Cloud, implemented Salesforce to strengthen our commercial teams and began the



formation of an analytical community that will be the basis of future artificial intelligence applications within the group.

Looking ahead to the end of the year, we see clear opportunities to continue strengthening our operations, take advantage of the seasonality of the fourth quarter and capture additional efficiencies derived from the technological and infrastructure investments made during the year.

BAFAR Alimentos is our most important division, it continues to be the main driving force of the group. During the quarter, we recorded net sales of Ps. 7,621 million, reflecting a growth of 12%, driven by the accelerated expansion of the retail channel, particularly in the Carnemart model, as well as an increase in sales volume of 4% in Mexico.

EBITDA reached \$969 million pesos with a growth of 20%, with a margin close to 13% on sales, reflecting the strength of our operations and efficiency of our value chains.

In terms of investment, we allocated \$651 million pesos in CAPEX, mainly focused on the expansion of the retail channel and strategic logistics projects, such as the construction and expansion of our distribution centers in El Paso, Texas in the United States, in La Paz and Chihuahua. These centers will be 100% automated and will strengthen our responsiveness throughout the supply chain, supporting the accelerated growth of our network of points of sale.

Fibra Nova, our real estate division, continues to grow steadily. Total revenue for the quarter amounted to Ps. 392 million, an increase of 18%, driven by the incorporation of new leases.

EBITDA reached \$393 million, with a margin of 100% and a year-on-year growth of 31%, demonstrating the division's operational efficiency and the quality of its long-term contracts.

Free operating flow, or FFO, stood at \$365 million, with an outstanding margin of 93%, reflecting Fibra Nova's ability to generate sustained value.

During the quarter, investments amounted to \$590 million pesos, mainly for the development of the Juárez I, Juárez II and Báfar Norte industrial parks, here in Chihuahua Capital.

Juárez I Park is already 100% occupied, while in Juárez II Park we began the development of 37 hectares that will have complete infrastructure and comprehensive services, including electricity supply.

The North Bafar Park continues to advance according to the established pipeline, reinforcing our presence in the region. We also maintain a healthy loan-to-value leverage of 26%, below the industry average, reflecting our strong and balanced capital structure.



### **Financial Division:**

During the quarter, we achieved a placement of 1,360 million pesos, which represents a growth of 5% compared to the previous year. The NPL ratio remains low, at 2.3%, well below the industry average, demonstrating the quality of our portfolio and the effectiveness of our processes, both origination and monitoring.

In addition, our BKH product continues to expand its presence, reaching 600 active cards in new strategic regions, strengthening our commitment to financial inclusion and digitalization.

### **BAFAR Group, consolidated results:**

In the third quarter, we had net sales that reached 7,974 million pesos, a growth of 12% compared to the same period of the previous year. This performance is mainly due to the consolidation of our new stores, the progress in their maturation curve and the continued focus on products with higher added value.

EBITDA grew 17%, reaching 1,255 million pesos, with a margin of 16%, demonstrating that we continue to grow profitably, improving the product mix and production efficiency.

Operating income increased by 18%, reaching 1,001 million, and net income closed with 918 million pesos, with a net margin of 12%.

These results are examples of an orderly execution, with strategic decisions that combine innovation and discipline, as always our long-term vision.

In the financial situation, we have or maintain an efficient management of working capital. The workforce conversion cycle closed at 47 days, driven by a 39% increase in inventories. This increase is within expectations.

This is due to the cyclical nature of the business and the strategic purchases of raw materials for the upcoming Christmas season. With this, we will guarantee operational continuity and price competitiveness.

Our total bank debt amounts to 19,200 million pesos, of which 79% is denominated in dollars. However, we maintain a natural hedge derived from our exports, real estate rents and walnut marketing, which mitigates exchange rate exposure.

In our expectations, sales growth will be around 15%, EBITDA growth of 16% and our EBITDA margin between 17 and 18%. The estimated CAPEX will be 5,000 million pesos.

These numbers reflect confidence in our strategy and the ability to continue to grow profitably, responsibly and forward-looking.



We deeply thank the entire BAFAR Group team for their effort, leadership and unwavering commitment. This quarter's results are, without a doubt, the result of the joint work and passion that each employee puts into what they do.

We will continue to move forward with a firm step, promoting intelligent expansion, guided by innovation, talent and a vision always focused on our customer.

That concludes my remarks. I thank everyone for listening and now I call our operator back to continue with the Q&A session. Thanks a lot.

**Moderator:**

Now we will begin with the Q&A session. If you would like to ask a question, please click on the raise your hand button at the bottom of the screen. If you are connected by phone, please dial asterisk 9. I remind you that all lines are muted.

When it's your turn to ask, your microphone will be enabled and you can unmute yourself to ask your question. We will pause for questions.

Our first question comes from Martín Lara.

**Martín Lara, Miranda Global Research:**

How is it going? Good morning, Martín Lara from Miranda Global Research. Thank you for the call and congratulations on the results.

I have the following questions. In the food business, how many stores do you have and how many do you expect to reach by the end of next year, in 2026? And if you could give us an update or more details of the Salesforce implementation and its benefits.

**Luis Eduardo Ramírez:**

How are you, Martín? Nice day. Look, right now we are estimating to close between 450 and 460 stores. And by 2026 we estimate closing between 550 and 560 stores.

Our Salesforce platform, we're actually implementing seven of the modules that this platform has. All focused on customer knowledge, commercial execution, and an artificial intelligence process to determine characteristics, tastes, and consumer preferences.

We also want to approach each of these consumers under the characteristics that each of them has to have a better service focused on their very particular needs.

And we are also trying to implement an internal Salesforce module to measure the level of service of all the areas that participate in a business execution to determine the areas of opportunity and improvements of them.

**Martín Lara:**



Ok, thank you very much. And one last question about dividends. What can we expect next year? And what are they going to do with the shares they have been buying back?

**Luis Eduardo Ramírez:**

Look, the truth is that on dividends, as you know, we don't have a clear policy in place. It is according to the growth and profits that are generated. I think it should be something similar to the average of the last two years.

And the second question, what was it? Sorry, about the buybacks. Yes, well, no. Look, the truth is that the buyback fund has always been managed to give versatility to the stock, like any other buyback fund.

Well, the truth is that we have only one plan for the executives, but within a trust. So it is not contaminated by the buyback that the fund makes on a daily basis. Finally, we keep them within the exchange that is authorized by the board and basically with the mechanism and the definition for which the fund is used.

**Martín Lara:**

Perfect. Thanks a lot. Best regards.

**Luis Eduardo Ramírez:**

Thank you.

**Moderator:**

Greetings. Our next question comes from Carlos Alcaraz. Please give your full name and company name before asking.

**Carlos Alcaraz:**

Hello, how are you? Luis Eduardo. Nice day. Thank you very much for the call and for the space for questions. I have three.

The first of them is related to the value-added strategy. If they see additional space to continue substituting volume towards higher-margin segments. This to understand how operating results and profitability could move.

My second question would be related to the installed capacity, with the expansion of the CEDIS of Chihuahua and El Paso, in addition to the La Piedad complex that is recent. How is the installed capacity today and what percentage of these are being used at 100%?

And finally, my third question on the issue of sustainability and credits linked to environmental issues. To know if they could give us an update on the fulfillment of the KPIs related to this credit and if they will seek higher sustainability-related emissions going forward.



**Luis Eduardo Ramírez:**

How are you, Carlos? What a pleasure to greet you. Yes, look. Well, the first question. We have proposed a strategy on having value-added products, to venture more and more into a value-added concept, both in the modern channel, in the traditional channel, in our own stores, in short, in the entire range of our SKUs that we finally market through all the different channels, whether our own or those of third parties.

If we see that the practicality of many of our products, also the transformation of many of the raw materials that we then put on the table to the consumer, giving them certain functionalities, then that makes them have a differentiated price. It is no longer a commodity, it has become a product that has been transformed and branded, it has added value for the consumer.

And yes, we do believe that within what is going to be linked a little to your second question, but we do believe that within our new plants that we have been investing in recent years, almost all of them are going to this concept of value-added products. So, perhaps our growth in volume will be based on single-digit growth and on our sales in pesos, we do believe that they should remain in double digits.

The truth is that consumers have also advanced a lot and today their preferences have been very different from those of the last 10, 15 years, where they increasingly seek to have a return on what they pay for with a product that has more characteristics of many types.

It is also perhaps what you asked your third question with, about environmental sustainability, with a higher percentage of protein. In short, consumers have evolved and we are going under that context. So, yes, the strategy is maintained and we are going to try to continue there.

Now, what you were asking us about the installed capacity: we have been investing a lot, especially in what is BAFAR Alimentos, in new production plants, in new distribution centers. What I was telling you right now about El Paso, Texas, Chihuahua, La Paz, Baja California, all our new warehouses and plants in La Piedad, are really being focused for growth in the coming years.

Today our current capacity is between 80 and 85 percent of used capacity, which still gives us the opportunity to be able to stay that way for a few months or years. But everything we are investing is for the growth that we see we should have for the next five years. So, today we do not have capped capacities, to be honest, but we do have a large percentage of utilization and the investments come to reinforce the growth that we are proposing.

And finally, about the question you asked me about sustainability. Excuse me, if we have made some loans that we call green, here I am going to give Luis Carlos Piñón a little bit of the floor so that he can also tell us a little about what we have been doing and what we plan to do.



**Luis Carlos Piñón:**

Thank you, Luis Eduardo. Yes, as Luis commented, we currently have credits in the food division linked to the responsible use of water and the treatment of that water, with compliance with the KPIs set with the financial institution.

Additionally, we have green credits in Fibra Nova linked to the certification process of the warehouses. And as we have been reporting in our sustainability report, we are now exploding a lot of investment in renewable energies, both in the food division and in Fibra Nova.

So, in the next loans we are looking at how to link these sustainability indicators of green energy generation linked to credits for both the food division and the Fibra Nova division. This is in line with the ESG policy of the BAFAR Group.

I don't know if that's the answer to your question, Carlos.

**Carlos Alcaraz:**

Perfect. Just one more follow-up, if you will allow me. Given the good performance of Cárnicos and a relatively low level of debt, will you perhaps seek to leverage the division a little more to accelerate growth over the next year?

**Luis Eduardo Ramírez:**

Yes, thank you Luis. Look, Carlos, yes, as you mention, our leverage in BAFAR Alimentos, the truth is that it does not leave us much room to continue leveraging that division with bank loans.

Yes, we are going to do it. We are planning our growth for the next five years in a very accelerated way. So, many more investments are going to come to BAFAR Alimentos in the next 36 months, of which we believe that we are going to use our own resources generated, plus an increase in leverage, which may not be seen as an increase in the leverage ratio, because we are also approaching our EBITDA with aggressive growth. but it does in the amount of the debt.

**Carlos Alcaraz:**

Perfect, Luis Eduardo, Luis Carlos, thank you very much for the answers and congratulations on the results.

**Luis Eduardo Ramírez:**

No, man, thank you. Nice to greet you, Carlos.

**Moderator:**

We haven't received any additional questions, so that concludes our Q&A session. Thanks a lot. I would like to give the floor to Luis Carlos Piñón for his concluding remarks.





**Luis Carlos Piñón:**

Well, we thank you all for participating in Grupo BAFAR's earnings session for the third quarter of 2025.

**Moderator:**

If you have any questions, we may receive your comments via our investor relationship channels. Thank you all.

That concludes the quarterly call. They can disconnect now.