

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission file number 001-39251

BETTERWARE DE MÉXICO, S.A.P.I. DE C.V.
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

MEXICO
(Jurisdiction of incorporation or organization)

Luis Campos, Board Chairman
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Luis Enrique Williams 549
Colonia Belenes Norte
Zapopan, Jalisco, 45145, México
(Name, Telephone, E-mail and or Facsimile number and Address Company Contact Person)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange in which registered
Ordinary Shares, no par value per share	BWMX	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 37,316,546
Ordinary Shares, as of December 31, 2024.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

☒ Yes ☐ No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐

International Financial Reporting Standards as issued
by the International Accounting Standards Board ☒

Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains a number of forward-looking statements, including statements about the financial conditions, results of operations, earnings outlook and prospects and may include statements for the period following the date of this annual report. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Forward-looking statements are typically identified by words such as “plan,” “believe,” “expect,” “anticipate,” “intend,” “outlook,” “estimate,” “forecast,” “project,” “continue,” “could,” “may,” “might,” “possible,” “potential,” “predict,” “should,” “would” and other similar words and expressions, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements are based on the current expectations of the management of the Company (See “Presentation of Financial Information”), as applicable, and are inherently subject to uncertainties and changes in circumstance and their potential effects and speak only as of the date of such statement. There can be no assurance that future developments will be those that have been anticipated. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Given these uncertainties, you should not rely upon forward looking statements as predictions of future events. These risks and uncertainties include, but are not limited to, those factors described in “Risk Factors,” those discussed and identified in public filings made with the Securities and Exchange Commission (“SEC”) by Betterware and the following:

- the inability to profitably expand into new markets;
- the possibility that the Group may be adversely affected by external economic, business and/ or competitive factors;
- operational risk;
- financial performance;
- litigation and regulatory enforcement risks, including the diversion of management time and attention and the additional costs and demands on the Group’s resources;
- changes in our investment commitments or our ability to meet our obligations thereunder;
- natural disaster-related losses which may not be fully insurable;
- epidemics, pandemics and other public health crises;
- geopolitical risk and changes in applicable laws or regulations;
- fluctuations in exchange rates between the peso and the U.S. dollar; and
- changes in interest rates or foreign exchange rates.

Should one or more of these risks or uncertainties materialize or should any of the assumptions made by the management of the Company prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Except to the extent required by applicable law or regulation, the Company undertakes no obligation to update these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events.

SUMMARY OF RISK FACTORS

The Company's business, results of operations, financial conditions and cash flows are subject to, and could be materially adversely affected by a number of risks and uncertainties, including risks relating to the nature of the Company's business and its operations in Mexico. The following list summarizes some, but not all, of these risks. Please read the information in the section entitled "Risk Factors" for a more thorough description of these and other risks.

Risks Related to Our Business

- If we are unable to retain our existing, or recruit new, independent distributors, leaders and consultants, our results of operations could be negatively affected.
- The loss of key high-level distributors, leaders or consultants could negatively impact our growth and our revenue.
- A decline in our customers' purchasing power or consumer confidence or in customers' financial condition and willingness to spend could materially and adversely affect our business.
- Failure to successfully develop new products could harm our business.
- We depend on multiple contract manufacturers mostly located in China, and the loss of the services provided by any of our manufacturers could harm our business and results of operations.
- Disruptions or delays at our facility in Queretaro, Mexico could have a material adverse effect on our business, particularly with respect to the beauty and personal care segment.
- Volatility in costs, along with delays and disruptions in the supply of materials and services, could have a material adverse effect on our business, prospects, results of operations, financial condition and/or cash flows.
- Competition could have a material adverse effect on our business, prospects, results of operations, financial condition and/or cash flows.
- If the industry in which we operate, our business or our products are subject to adverse publicity, our business may suffer.
- Failure of our technology initiatives to create sustained enthusiasm in our distributors, leaders and consultants and incremental cost savings could negatively impact our business.
- We are dependent on information and communication technologies, and our systems and infrastructures face certain risks, including cybersecurity risks.
- Because of the costs and difficulties inherent in managing cross-border business operations, our results of operations may be negatively impacted.
- Our distributors, leaders and consultants are independent contractors and not employees. If regulatory authorities were to determine, however, that our distributors, leaders and consultants are legally our employees, we could have significant liability under social benefit laws.
- Inflation could adversely affect our business and results of operations.
- Goodwill, property, plant and equipment and intangible assets represent a significant portion of the Group's statement of financial position, and our operating results may suffer from possible impairments.
- Material weaknesses have been identified in Betterware's internal control over financial reporting, and if we fail to establish and maintain proper and effective internal controls over financial reporting, our results of operations and our ability to operate our business may be materially adversely affected.

- Our controlling shareholder may have interests that conflict with your interests.
- Our business and results of operations may be adversely affected by the increased strain on our resources from complying with the reporting, disclosure and other requirements applicable to public companies in the United States promulgated by the U.S. Government, the New York Stock Exchange (the “NYSE”) or other relevant regulatory authorities.
- Our revenue and profitability may be affected if we fail to acquire new companies or integrate those that we have already acquired, such as JAFRA.
- Our indebtedness and any future inability to meet any of our obligations under our indebtedness could adversely affect us by reducing our flexibility to respond to changing business and economic conditions.
- Changes in taxes and other assessments may adversely affect us.
- We are subject to environmental laws and regulations, risks that could affect our business, results of operations and financial condition.
- Environmental, social and corporate governance (ESG) issues, including those related to climate change and sustainability, may have an adverse effect on our business, financial condition and results of operations and damage our reputation.
- Our products are subject to federal, state and international regulations that could have a material adverse effect on our business, prospects, results of operations, financial condition and/or cash flows.

Risks Related to Mexico

- Since more than 90% of our operations are concentrated in Mexico, we are subject to political, economic, legal, and regulatory risks specific to Mexico and are vulnerable to an economic downturn, other changes in market conditions, acts of violence, or natural disasters in Mexico which may adversely affect our business and results of operations.
- The political situation in Mexico could negatively affect our operating results.
- Currency exchange rate fluctuations, particularly with respect to the US dollar/Mexican peso exchange rate, could lower margins.
- Any adverse changes in our business operations in Mexico would adversely affect our revenue and profitability.
- Economic and political developments in Mexico and the United States may adversely affect Mexican economic policy.
- Mexico is an emerging market economy, with attendant risks to our results of operations and financial condition.
- Investments in Mexican companies entail substantial risk; 2024 judicial reform; the Mexican government has exercised, and continues to exercise, an important influence on the Mexican economy.
- Our business may be significantly affected by the Mexican economy’s general condition, by the depreciation of the peso, inflation, and high-interest rates in Mexico.
- If the Mexican government imposes exchange controls and/or other similar restrictions, the Mexican economy and our operations may be negatively affected.

- Security risks in Mexico could increase, and this could adversely affect the Mexican economy and our business, financial condition, and results of operations.
- We are subject to anti-corruption, anti-bribery, anti-money laundering, and antitrust laws and regulations in Mexico.
- The regulatory environment in which we operate is evolving, and our operations may be modified or otherwise adversely affected by regulatory changes, subjective interpretations of laws or an inability to work effectively with national and local government agencies.
- Laws and regulations may restrict our direct sales efforts and adversely affect our revenue and profitability.
- You may have difficulty enforcing your rights against Betterware and our directors and executive officers.

Risks Related to Ownership of our Ordinary Shares

- As a “foreign private issuer” under the rules and regulations of the SEC, Betterware is permitted to, and is expected to, file less or different information with the SEC than a company incorporated in the United States or otherwise subject to these rules and is permitted to follow certain home country corporate governance practices in lieu of certain NYSE requirements applicable to U.S. issuers.
- If securities or industry analysts do not publish or cease publishing research or reports about Betterware, our business, or markets, or if they change their recommendations regarding the Company shares adversely, the price and trading volume of the Company’s shares could decline.
- There can be no assurance that Betterware will be able to comply with the continued listing standards of the NYSE.
- If Betterware is characterized as a passive foreign investment company, or a PFIC, adverse U.S. federal income tax consequences may result for U.S. holders of Company shares.
- An investor may be subject to adverse U.S. federal income tax consequences in the event the IRS were to disagree with the U.S. federal income tax consequences described herein.
- The Amended and Restated Charter of Betterware provides for the exclusive jurisdiction of the federal courts in Mexico City, Mexico for substantially all disputes between the Company and its shareholders, which could limit Company shareholders’ ability to obtain a favorable judicial forum for disputes with the Company or its directors, officers, other employees or shareholders.
- The anti-takeover protections included in our Bylaws and others provided under Mexican Law may deter potential acquirors.

CERTAIN CONVENTIONS

Betterware de México, S.A.P.I. de C.V. (formerly Betterware de México, S.A.B. de C.V.), a Mexican *sociedad anónima promotora de inversión de capital variable*, was incorporated under the laws of Mexico in 1995. Unless otherwise stated or unless the context otherwise requires, the terms (i) “we,” “us,” “our,” “Company,” the “Group” refer to Betterware de México, S.A.P.I. de C.V., and subsidiaries on a consolidated basis, (ii) “Betterware,” “BTW,” “BWM” and “BW” refer to Betterware de México, S.A.P.I. de C.V. on a standalone basis, and (iii) “JAFRA” or “Jafra” refers to Jafra Cosmetics International, Inc., Jafra Mexico Holding Company, B.V., Distribuidora Comercial Jafra, S.A. de C.V., Jafra Cosmetics International, S.A. de C.V., Jafra Cosmetics, S.A. de C.V., Serviday, S.A. de C.V., Jafrafin, S.A. de C.V. and Distribuidora Venus, S.A. de C.V., on a consolidated basis. See “Company Information—Organizational Structure.”

CURRENCY PRESENTATION

In this annual report, unless otherwise specified or the context otherwise requires:

- “\$,” “US\$” and “U.S. dollar” each refer to the United States dollar; and
- “Ps.” and “peso” each refer to the Mexican peso.

Certain numbers and percentages included in this annual report have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in various tables or other sections of this annual report may vary slightly, and figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them.

PRESENTATION OF FINANCIAL INFORMATION

This annual report contains our Audited Consolidated Financial Statements as of December 31, 2024, 2023, and 2022, and for our fiscal years ended December 31, 2024, 2023 and 2022 (collectively, our “Audited Consolidated Financial Statements”).

During the preparation of the Company’s consolidated financial statements as of and for the year ended December 31, 2024, management in conjunction with the external auditor (PwC) determined a restatement related to: (a) the correct recognition of the right-of-use asset and the lease liability for Jafra Mexico’s office leases; this adjustment was necessary to ensure that the leases were recognized in the correct period, impacting net income in the amount of Ps.10.2 million as of December 31, 2023, also the adjustment had implications in the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income in 2023, however, did not affect net revenue or EBITDA, and (b) the correct recognition of certain production-related labor and indirect manufacturing costs, which were incorrectly classified as administrative and distribution expenses instead of cost of goods sold, affecting the consolidated financial statement of profit or loss and other comprehensive income previously reported for the fiscal years 2023 and 2022. This misclassification impacted gross margin and was considered material, due to the amounts that has been reclassified (Ps.559.6 million in 2023 and Ps.404.5 million in 2022), however, it had no effect on net revenues, EBITDA or net income. Management concluded that the restatement with respect to the correct recognition of certain expenses as cost of goods sold was deemed to be material, on an individual and aggregate basis, to the Company’s previously reported consolidated financial statements as of and for the year ended December 31, 2023 and 2022 under the SEC’s Staff Accounting Bulletin No. 99, could not be corrected on an out-of-period basis in the 2024 financial statements because to do so would cause a material misstatement in those financial statements. Therefore, the Company referred to the guidance prescribed by the SEC’s Staff Accounting Bulletin No. 108 which specifies, among other things, that the errors must be corrected as a material restatement of the prior year financial statements the next time those financial statements are filed. See “Operating and Financial Review and Prospects—Previously Issued Financial Statement Corrections.” The Audited Financial Statements included in this annual report reflect the restatement.

In light of the restatements, the Company performed a recovery analysis of incentive-based compensation under the Company’s Executive Officer Clawback Policy. With respect to the restatement related to the correct recognition of the right-of-use asset and the lease liability for Jafra Mexico’s office leases, the Company determined that no recovery of incentive-based compensation was necessary since, given the immateriality of the restatement, it did not constitute an Accounting Restatement as defined in the Company’s Executive Officer Clawback Policy. With respect to restatement related to the correct recognition of certain production-related labor and indirect manufacturing costs, which were incorrectly classified as administrative and distribution expenses instead of cost of goods sold, the Company determined that no recovery of incentive-based compensation was necessary since no incentive-based compensation was received by any executive officer of the Company during the relevant period based on a financial reporting measure impacted by the restatement.

For purposes of this annual report, the term fiscal year is synonymous with the financial year and refers to the years covered by our Audited Consolidated Financial Statements.

We prepare our Audited Consolidated Financial Statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). We have applied IFRS issued by the IASB effective at the time of preparing our Audited Consolidated Financial Statements. Our Audited Consolidated Financial Statements as of and for the years ended December 31, 2024, 2023 and 2022 have been audited by PricewaterhouseCoopers, S. C. (“PWC”), an independent registered public accounting firm, whose report dated April 29, 2025 is also included in this annual report.

The Audited Consolidated Financial Statements include the position and results of operations of the Group formed by Betterware, BLSM Latino America Servicios, S.A. de C.V. (“BLSM”), Programa Lazos, S.A. de C.V., Betterware de Guatemala, S.A., Finayo, S.A.P.I. de C.V. SOFOM ENR, Betterware America, LLC, Betterware Perú, S.A.C., and JAFRA (See “The Business Combination—Organizational Structure”). The transactions, balances and unrealized gains or losses arising from intra-group transactions have not been considered for the preparation of the Audited Consolidated Financial Statements.

Our Audited Consolidated Financial Statements are presented in thousands of Pesos.

Non-IFRS Measures

We define “EBITDA” as profit for the year adding back the depreciation of property, plant and equipment and right-of-use assets, amortization of intangible assets, financing cost, net and total income taxes. EBITDA is not measure required by or presented in accordance with IFRS. The use of EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We believe that this non-IFRS financial measure is useful to investors because (i) we use this measure to analyze our financial results internally and believe they represent a measure of operating profitability and (ii) this measure will serve investors to understand and evaluate our EBITDA and provide more tools for their analysis as it makes our result comparable to industry peers that also prepare this measure.

We define “adjusted EBITDA” as same ratio but with certain adjustments. Adjusted EBITDA is differentiated by the elimination of non-concurrent transactions and events from earnings before interest, taxes, depreciation, and amortization.

See “Operating and Financial Review and Prospects—Operating Results—Reconciliation of Non-IFRS Measures.”

The Business Combination

The Initial Public Offering

On October 16, 2018, DD3 Acquisition Corp., a British Virgin Islands company (“DD3”), consummated its initial public offering of 5,000,000 units and on October 23, 2018, the underwriters for DD3’s initial public offering purchased an additional 565,000 units pursuant to the partial exercise of their over-allotment option. The units in DD3’s initial public offering were sold at an offering price of US\$10.00 per unit, generating total gross proceeds of US\$55,650,000.

The Merger

On August 2, 2019, DD3 entered into a Combination and Stock Purchase Agreement (as amended, the “Combination and Stock Purchase Agreement”) with Campalier, S.A. de C.V., a Mexican *sociedad anónima de capital variable* (“Campalier”), Promotora Forteza, S.A. de C.V., a Mexican *sociedad anónima de capital variable* (“Forteza”), Strevo, S.A. de C.V., a Mexican *sociedad anónima de capital variable* (“Strevo”, and together with Campalier and Forteza, “Sellers”), Betterware, BLSM, and, solely for the purposes of Article XI therein, DD3 Mex Acquisition Corp, S.A. de C.V., pursuant to which DD3 agreed to merge with and into Betterware (the “Merger”) in a Business Combination that resulted in Betterware surviving the Merger and BLSM becoming a wholly-owned subsidiary of Betterware.

As part of the Combination and Stock Purchase Agreement, and prior to the closing of the Merger, DD3 was redomiciled out of the British Virgin Islands and continued as a Mexican corporation pursuant to Section 184 of the Companies Act and Article 2 of the Mexican General Corporations Law.

Betterware's Restructure

Following the execution of the Combination and Stock Purchase Agreement, on February 21, 2020, Betterware's shareholders approved, a corporate restructure in Betterware (the "Betterware Restructure") which implied, among other things (i) Betterware's by-laws amendment in order to issue Series C and Series D non-voting shares, and (ii) a redistribution of Betterware's capital stock as follows: (a) fixed portion of Betterware's capital stock represented by 3,075,946, Series A, ordinary voting shares, and (b) the variable portion of Betterware's capital stock represented by (x) 1,961,993, Series B, ordinary voting shares, (y) 897,261, Series C, ordinary non-voting shares ("Series C Shares"), and (z) 168,734, Series D, ordinary non-voting shares ("Series D Shares"). In addition, Strevo transferred one Series A ordinary voting share of Betterware to Campalier (the "Campalier Share"), which remained under certain Share Pledge Agreement, dated July 28, 2017, entered between Strevo, as pledgor, MCRF P, S.A. de C.V. SOFOM, E.N.R. ("CS"), as pledgee, and Betterware.

Immediately after consummation of Betterware Restructure and the transfer of the Campalier Share to Campalier, Forteza indirectly, through Banco Invex, S.A., Invex Grupo Financiero ("Invex"), as trustee of the irrevocable management and security trust No. 2397 (the "Invex Security Trust"), dated March 26, 2016, owned approximately 38.94% of the outstanding common stock of Betterware, and Campalier indirectly, through the Invex Security Trust, owned approximately 61.06% of the outstanding common stock of Betterware.

On March 9, 2020, the Invex Security Trust released the Series C Shares and the Series D Shares to Campalier and Forteza, respectively, that were held under the Invex Security Trust.

On March 10, 2020, CS, as pledgee, entered into a Termination of the Share Pledge Agreement over the Campalier Share with Campalier, as pledgor, and Betterware. In addition, CS, as beneficiary, Invex, as trustee, and Campalier, as settlor, entered into a Transfer Agreement, where Campalier transferred the Campalier Share to the Invex Security Trust.

Upon such transfer to the Invex Security Trust, Betterware's shareholders approved (i) the sale of all or a portion of such Betterware's Series C and Series D shares to DD3 Acquisition Corp., S.A. de C.V. (the "DD3 Acquisition"), (ii) the Merger, (iii) the amendment of Betterware's by-laws to become a *sociedad anónima promotora de inversion de capital variable*, (iv) the increase of Betterware's capital stock by Ps.94,311,438.00, through the issuance of 2,211,075 ordinary shares, without nominal value, subscribed by the shareholders of DD3 Acquisition Corp., S.A. de C.V., and (v) the increase of Betterware's capital stock by Ps.872,878,500.00 through the issuance of 4,500,000 ordinary treasury shares without nominal value, offered for subscription and payment under Betterware's public offering in the U.S. completed and filed with the SEC under our Registration Statement on Form F-1, which became effective on January 22, 2020. On March 10, 2020, Betterware's corporate name changed from Betterware de México, S.A. de C.V. to Betterware de México, S.A.P.I. de C.V.

The DD3 Acquisition was closed on March 13, 2020, and as a result, all of Betterware shares that were issued and outstanding immediately prior to the closing date were canceled and new shares were issued. The DD3 Acquisition was accounted as a capital reorganization, whereby Betterware issued shares to the DD3 shareholders and obtained US\$22,767 (Ps.498,445) in cash through the acquisition of DD3 and, simultaneously settled liabilities and related transaction costs on that date, for net cash earnings of US\$7,519 (Ps.181,734) on such date. In addition, Betterware assumed the obligation of the warrants issued by DD3, a liability inherent to the transaction, equivalent to the fair value of Ps.55,810 of the warrants. No other assets or liabilities were transferred as part of the transaction that required adjustment to fair value as a result of the acquisition.

On the same date, a total of 2,040,000 of Betterware shares, that were offered for subscription and payment under its public offering were subscribed and paid for by various investors.

On July 14, 2020, Betterware's corporate name changed from Betterware de México, S.A.P.I. de C.V. to Betterware de México, S.A.B. de C.V. For purposes of this annual report, the Merger, the Betterware Restructure and all related actions undertaken in connection thereto are referred to as the "Business Combination."

Closing of the Business Combination

Upon satisfaction of certain conditions and covenants as set forth under the Combination and Stock Purchase Agreement, the Business Combination was consummated and closed on March 13, 2020 (the "Closing"). At Closing, the following actions occurred:

- (i) DD3 issued to the Sellers as consideration for the purchase of a portion of the Series C and Series D shares and the BLSM shares outstanding as of January 3, 2021, a debt acknowledgement in an amount equal to Ps.15,000,546.

- (ii) all of Betterware shares issued and outstanding immediately prior to the Closing were canceled and, Campalier and Forteza received, directly and indirectly (through the Invex Security Trust), 18,438,770 and 11,761,175, respectively, of Betterware's shares; and
- (iii) all of DD3's ordinary shares issued and outstanding immediately prior to the Closing were canceled and exchanged for Betterware shares on a one-for-one basis.

On the Closing date, 2,040,000 shares of Betterware offered for subscription and payment under Betterware's public offering in the U.S. were subscribed and paid for by various investors.

As part of the Merger, Betterware assumed an obligation that granted existing warrant holders the option to purchase (i) a total of 5,804,125 Betterware shares at a price of US\$11.50 per share that would expire on or before March 25, 2025, and (ii) a total of 250,000 units that automatically became an option to issue 250,000 Betterware shares and warrants to buy 250,000 additional Betterware shares. Betterware registered the warrants to be traded on OTC Markets, which had an observable fair value. The following events occurred in 2020 as part of the warrants agreement:

- (i) During July and August 2020, Betterware repurchased 1,573,888 warrants. During August and October 2020, 895,597 warrants were exchanged for 621,098 shares, of which, 462,130 warrants were settled on a cash basis by exchanging 1 warrant for 1 share at a price of US\$11.44 for share, which resulted in receiving cash by an amount of Ps.116,419. The remaining 433,467 warrants were exchanged on a cashless basis by exchanging 1 warrant for 0.37 shares.
- (ii) In September 2020, the purchase option of units was exercised by their holders on a cashless basis, which resulted in the issuance of 214,020 Betterware shares.
- (iii) Additionally, in October 2020, and as part of the terms of the warrant agreement, Betterware exercised the redemption of the warrants on a cashless basis by exchanging 3,087,022 warrants for 1,142,325 of Betterware's shares. A total of 8,493 public warrants were not exercised by their holders during the redemption period that expired on November 9, 2020, therefore, they were paid by Betterware for a price of US\$0.01 per warrant.
- (iv) In December 2020, holders exercised a total of 239,125 private warrants on a cashless basis and exchanged for 156,505 of Betterware's shares.
- (v) As of the January 3, 2021, the warrant holders redeemed all of the outstanding warrants and purchase option of units and Betterware recognized a loss for the increase in the fair value of the warrants of Ps.851,520, which was recognized under the heading "Loss in valuation of warrants" in the consolidated and combined statement of profit or loss. As of the date of this annual report, all of the warrants have been redeemed.

On August 2, 2021, Betterware's corporate name changed from Betterware de México, S.A.B. de C.V. to Betterware de México, S.A.P.I. de C.V.

The Forteza Merger

On December 14, 2020, Betterware and Forteza (Betterware's shareholder), entered into a merger agreement pursuant to which Forteza agreed to merge with and into Betterware, surviving Betterware as the acquiror (the "Forteza Merger"). On December 16, 2020, the merger was consummated. Consequently, shares in Betterware were delivered to Forteza's shareholders in proportion to their shareholding in Betterware, without implying an increase in our share capital or in the total number of outstanding shares of Betterware.

Transactions during 2021

On March 12, 2021, Betterware entered into an agreement to acquire 60% of GurúComm, S.A.P.I. de C.V. ("GurúComm"), for Ps.45 million. GurúComm is a mobile virtual network operator and communications software developer, with an enterprise value of Ps.75 million (approximately US\$3.5 million). On March 28, 2022, the shareholders of GurúComm approved, and Betterware agreed to, the redemption of the shares owned by Betterware in GurúComm. Therefore, the 55,514 shares that had been previously fully subscribed and paid by Betterware were redeemed. The additional 37,693 shares that were subscribed but not yet paid, were canceled. GurúComm's redemption and Betterware's investment withdrawal was mainly due to the fact that the business was not growing according to shareholders expectations, and consequently, Betterware's investment return would take longer than anticipated. The financial impact that the redemption transaction had at a consolidated level was a loss in sale of shares of Ps.16.6 million.

Until June 30, 2021, BLSM (formerly a related party of Betterware) provided administrative, technical, and operational services to Betterware. On July 1, 2021, all of BLSM's employees were transferred to Betterware, without having a material impact on a consolidated basis.

On July 22, 2021, Betterware entered into an agreement to acquire 70% of Innova Catálogos, S.A. de C.V. (“Innova”), for Ps.5 million. Innova focuses on purchase and sale of clothing, footwear and accessories. On November 18, 2022, we withdrew our investment and cancelled all of the 238 subscribed and paid shares that we held in Innova. The investment withdrawal and the redemption of Betterware’s shares in Innova was mainly due to the fact that the business was not growing according to shareholders expectations. The financial impact that the redemption transaction had at a consolidated level was a loss in sale of shares of approximately Ps.5 million.

Transactions during 2022

On March 25, 2022, Betterware and Programa Lazos, S.A acquired 2% and 98%, respectively, of the shares of Finayo, S.A.P.I. de C.V. (“Finayo”), a Mexican *sociedad anónima promotora de inversión de capital variable* for the aggregate purchase price of Ps.1.1 million. Finayo focuses on granting loans, financial leasing and factoring operations. In June 2023, Betterware acquired additional shares of stock in Finayo for Ps.5 million, increasing its participation from 2% to 99.05%, and at the same time Programa Lazos decreased its participation in Finayo from 98% to 0.95%.

The JAFRA Acquisition

On January 18, 2022, Betterware entered into a stock purchase agreement to acquire the operations of Jafra Cosmetics International, Inc. and Jafra Mexico Holding Company, B.V. in Mexico and the United States from the Vorwerk Group based in Germany for a total cash consideration of US\$255 million (equivalent to Ps.5,355 million), on a debt and cash-free basis (the “JAFRA Acquisition”). See “Company Information—Organizational Structure.”

JAFRA is a leading global company in direct sales in the beauty and personal care (B&PC) industry with strong presence in Mexico and the United States through independent leaders and consultants who sell JAFRA’s unique products. The JAFRA Acquisition was approved by the Federal Economic Competition Commission on March 24, 2022, and consummated on April 7, 2022. The funds necessary to pay the purchase price, and other associated expenses, under the JAFRA Acquisition were obtained from (i) a long-term syndicated loan of Ps.4,499 million, and (ii) US\$30 million from available cash of Betterware. See “Indebtedness—Long Term Syndicated Credit Line.”

Events during 2024

On April 16, 2024, the Group officially launched Betterware USA, locating the headquarters in Dallas, Texas and going live with a website. Our initial focus remains the U.S.’s large and rapidly growing Hispanic market, starting with Texas. It is important to note that we are entering the U.S. home solutions market with an entirely new business model, one that targets the e-commerce as well as direct selling verticals. This model was designed from the customer up and enables Betterware to take a customer-first, digitally connected approach to the U.S. market.

As part of the Company’s strategy to obtain liquidity and divest from properties that were not expected to yield maximum future benefits, Jafra Mexico completed several significant property transactions in 2024. These sales aimed to enhance liquidity while streamlining operations and focusing on core business activities:

Sale Jafra’s land and building:

- Ø The Group, through subsidiary (Distribuidora Venus, S.A. de C.V. (Jafra Mexico)) entered into two contracts for the sale of the “Las Flores” land and the “San Ángel” land and building in March and August 2024, respectively. The sales price for these transactions was Ps.402.2 million and as a result, the company recognized a loss in the income statement as other expenses of Ps.529.7 million

Of the sales price, Ps.156.5 million was collected; the remaining Ps.245.7 million will be collected semiannually without interest, maturing in 2027. In addition, a loss of Ps.34.1 million was recognized when determining the fair value of the long-term receivable.

Assets held for sale:

- Ø Jafra México classified the O’Farril as assets held for sale in accordance with the accounting policy “non-current assets held for sale.” The Company recognized an impairment loss of Ps.166.6 million recognized in administrative expenses based on the use given to land.

Subsequent Events during 2025

The home organization segment launch to Latin America is expected to start operations in June 2025, which will be our first move to the Andean region (Peru, Ecuador, Colombia).

On February 27, 2025, Jafra Mexico signed a promise to purchase agreement for the O’Farril land which includes a six-month extension for the potential buyer to notify the company of their intention to continue with the sale or not proceed with it. The transaction was valued at Ps.40 million, to be paid in two installments: the first payment of Ps.6 million upon signing the agreement and the second payment of Ps.34 million upon formalizing the public deed.

PRESENTATION OF INDUSTRY AND MARKET DATA

In this annual report, we rely on, and refer to, information regarding our business and the markets in which we operate and compete. The market data and certain economic and industry data and forecasts used in this annual report were obtained from internal surveys, market research, governmental and other publicly available information, and independent industry publications. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys, and forecasts are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness.

Certain market share information and other statements presented herein regarding our position relative to our competitors are not based on published statistical data or information obtained from independent third parties but reflects our best estimates. We have based these estimates upon information obtained from publicly available information from our competitors in the industry in which we operate.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

An investment in our Ordinary Shares carries a significant degree of risk. You should carefully consider the following risk factors, together with all of the other information included in this annual report, before making a decision to invest in our ordinary shares. The risks described below are those which the Group believes are the material risks that it faces. Some statements in this annual report, including such statements in the following risk factors, constitute forward-looking statements. See the section entitled "Cautionary Note Regarding Forward-Looking Statements." If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment.

Risks Related to Our Business

If we are unable to retain our existing, or recruit new, independent distributors, leaders and consultants, our results of operations could be negatively affected.

We distribute almost all of our products through our independent distributors, leaders and consultants, and we depend on them directly for the sale of our products. We experience high turnover among distributors, leaders and consultants from year to year since they can terminate their services at any time. As a result, we need to make significant efforts to retain existing distributors, leaders, and consultants and to recruit or attract others.

To increase our revenue, we must increase the number and/or the productivity of our distributors, leaders and consultants. The number and productivity of our distributors, leaders and consultants also depends on several additional factors, including:

- adverse publicity regarding of any company of the Group, our products or our distribution channel;
- aggressive new competitors in the market looking to increase their market share;
- failure to motivate our distributors, leaders and consultants with new products;
- failure to provide an attractive compensation plan for distributors, leaders and consultants;
- issues with the quality of new products;
- the public's perception of our products;
- competition for distributors, leaders and consultants from other direct selling companies;
- the public's perception of our distributors, leaders and consultants, and direct selling businesses in general; and
- general economic and business conditions.

Our operations would be harmed if we fail to generate continued interest and enthusiasm among our distributors, leaders and consultants or we fail to attract new ones, or if our distributors, leaders and consultants are unable to operate due to internal or external factors.

The number of our active distributors, leaders and consultants, may not increase and could decline in the future. Our operating results could be harmed if existing and new business opportunities and products do not generate sufficient interest to retain existing distributors, leaders and consultants or to recruit new ones.

The loss of key high-level distributors, leaders or consultants could negatively impact our growth and our revenue.

As of December 31, 2024, BWM had approximately 674,654 active associates and 42,608 distributors, and JAFRA had approximately 505,804 and 20,731 active consultants and leaders, respectively. BWM's distributors and JAFRA's leaders and consultants, together with their extensive networks of downline distributors or leaders, account for an important part of our net revenue. As a result, the loss of a high-level distributors, leaders or consultants, could negatively impact our network growth and our net revenue.

A decline in our customers' purchasing power or consumer confidence or in customers' financial condition and willingness to spend could materially and adversely affect our business.

The sale of our products strongly correlates to the level of consumer spending generally, and thus is significantly affected by the general state of the economy and the ability and willingness of consumers to spend on discretionary items. Reduced consumer confidence and spending generally may result in reduced demand for our products and limitations on our ability to maintain or increase prices. A decline in economic conditions or general consumer spending in any of our major markets could have a material adverse effect on our business, financial condition and results of operations.

Failure to successfully develop new products could harm our business.

An important component of our business is our ability to develop new products that create enthusiasm among our customers. If we fail to introduce new products planned for the future, our distributors, leaders and consultants' productivity could be harmed. In addition, if our new products fail to gain market acceptance, are restricted by regulatory requirements, or have quality problems, this would harm our results of operations. Factors that could affect our ability to continue to introduce new products include, among others, government regulations, proprietary protections of competitors that may limit our ability to offer comparable products and any failure to anticipate changes in consumer tastes and buying preferences.

We depend on multiple contract manufacturers mostly located in China, and the loss of the services provided by any of our manufacturers could harm our business and results of operations.

We outsource product manufacturing to third-party contractors located mainly in China. During the year 2024, products supplied by Chinese manufacturers accounted for approximately +93% of BWM's revenues.

If these suppliers have unscheduled downtime or are unable to fulfill their obligations under these manufacturing agreements because of political or regulatory restrictions, equipment breakdowns, labor strikes, natural disasters, health diseases or health epidemics or pandemics, or any other cause, this could adversely affect our overall business, results of operations and financial condition.

Also, although we provide all of the formulations used to manufacture our products, we have limited control over the manufacturing process itself. As a result, any difficulties encountered by the third-party manufacturer that result in product defects, production delays, cost overruns, or the inability to fulfill orders on a timely basis, due to, for instance, sanctions, tariffs or blocks imposed on Chinese products, could have a material adverse effect on our business, financial condition and results of operations.

Disruptions or delays at our facility in Queretaro, Mexico could have a material adverse effect on our business, particularly with respect to the beauty and personal care segment.

Our facility in Queretaro, Mexico, manufactures a substantial portion of the products of our beauty and personal care segment, which accounted for 87.7% of JAFRA sales, and as of December 31, 2024, represented 57.5% of our total sales at a consolidated level. Significant unscheduled downtime or a reduction in capacity at this facility, whether due to equipment breakdowns, power failures, natural disasters (due to climate change or otherwise), pandemics, weather conditions hampering delivery schedules, shortages of raw materials and products, technology disruptions or other disruptions, including those caused by transitioning manufacturing across these facilities, or any other cause could have a material adverse effect on our ability to provide products to our leaders, consultants and customers, which could have a material adverse effect on our sales, business, prospects, reputation, results of operations, financial condition and/or cash flows.

Additionally, some of our employees at this facility are members of labor unions. In the past, we have experienced labor-union related work strikes in Mexico which have affected our operations. Also, negotiating labor contracts, either for new locations or to replace expiring contracts, is time consuming or may not be accomplished on a timely basis. If we are unable to satisfactorily negotiate those labor contracts with the labor unions on terms acceptable to us or without a strike or work stoppage, our business could be materially adversely affected. Any strike or work stoppage could disrupt our business, adversely affecting our results of operations and our public image could be materially adversely affected by such labor disputes. In addition, existing labor contracts may not prevent a strike or work stoppage, and any such work stoppage could have a material adverse effect on our business.

Volatility in costs, along with delays and disruptions in the supply of materials and services, could have a material adverse effect on our business, prospects, results of operations, financial condition and/or cash flows.

We purchase raw materials, including essential oils, alcohols, chemicals, containers and packaging components, from various third-party suppliers. Substantial cost increases delays and the unavailability of raw materials or other commodities, as a result of continued global supply chain disruptions, and higher costs for energy, transportation and other necessary services have adversely affected and may continue to adversely affect our beauty and personal care segment profit margins if we are unable to wholly or partially offset them, such as by achieving cost efficiencies in its supply chain, manufacturing and/or distribution activities. In addition, we purchase certain finished goods, raw materials, packaging and other components from single-source suppliers or a limited number of suppliers and if we are required to find alternative sources of supply, these new suppliers may have to be qualified under applicable industry, governmental and Company-mandated vendor standards, which can require additional investment and be time-consuming.

Any significant disruption to our manufacturing or sourcing of products or raw materials, packaging and other components for any reason (including the continued global supply chain disruptions) could materially impact our inventory levels and interrupt and delay our supply of products to our leaders and consultants. Such events, if not promptly remedied, could have a material adverse effect on our business, prospects, reputation, results of operations, financial condition and/or cash flows.

Competition could have a material adverse effect on our business, prospects, results of operations, financial condition and/or cash flows.

The markets in which we operate are competitive. Our results of operations may be harmed by market conditions and competition in the future. Many competitors have greater name recognition and financial resources than we have, which may give them a competitive advantage.

We compete against a number of multi-national manufacturers, some of which are larger and have substantially greater resources than us, and which may therefore have the ability to spend more aggressively than us on new business acquisitions, research and development activities, technological advances to evolve in their e-commerce capabilities and advertising, promotional, social media and/or marketing activities and have more flexibility than us to respond to changing business and economic conditions.

Also, our products compete directly with branded, premium retail products. We currently do not have significant patent or other proprietary protection, and competitors may introduce products with the same ingredients that we use in our products.

We also compete with other companies for distributors, leaders and consultants. Some of these competitors have a longer operating history, better name recognition and greater financial resources than we do. Some of our competitors have also adopted and could continue to adopt some of our business strategies. Consequently, to successfully compete in this market and attract and retain distributors, leaders and consultants, we must ensure that our business opportunities and compensation plans are financially rewarding. We may not be able to continue to successfully compete in this market for distributors, leaders and consultants, which would ultimately affect our business operations.

If the industry in which we operate, our business or our products are subject to adverse publicity, our business may suffer.

We are very dependent upon our distributors, leaders, consultants and the general public perception of the overall integrity of our business, as well as the safety and quality of our products and similar products distributed by other companies. The number and motivation of our distributors, leaders and consultants and the acceptance by the general public of our products may be negatively affected by adverse publicity regarding:

- the legality of network-marketing systems in general or our network-marketing system specifically;
- the safety and quality of our products;
- regulatory investigations of our products;
- the actions of our distributors, leaders and consultants;
- management of our distributors, leaders and distributors; and
- the direct selling industry.

Any event that negatively affects the general public perception of our industry, business or products could have a material effect on our results of operations.

Failure of our technology initiatives to create sustained enthusiasm in our distributors, leaders and consultants and incremental cost savings could negatively impact our business.

We constantly develop and implement strategies to continue using technology to attract distributors, leaders and consultants and provide them new technology to facilitate taking orders of our products. In certain demographic markets, we have experienced some success implementing our technology strategies to improve our operating efficiency. However, any cost savings from our technology strategies may not prove to be significant, or we may not be successful in adapting and implementing these strategies to other markets in which we operate. This could result in our inability to service our distributors, leaders and consultants in the manner they expect, which could ultimately affect our results of operations.

We are dependent on information and communication technologies, and our systems and infrastructures face certain risks, including cybersecurity risks.

The operation of complex infrastructures and the coordination of the many actors involved in our operation require the use of several highly specialized information systems, including both our own information technology systems and those of third-party service providers, such as systems that monitor our operations or the status of our facilities, communication systems to inform the public, access control systems and closed circuit television security systems, infrastructure monitoring systems and radio and voice communication systems used by our personnel. In addition, our accounting and fixed assets, payroll, budgeting, human resources, supplier and commercial, hiring, payments and billing systems and our websites are key to our functioning. The proper functioning of these systems is critical to our operations and business management. These systems may, from time to time, require modifications or improvements as a result of changes in technology, the growth of our business and the functioning of each of these systems.

The risk of cyber-crime continues to increase across all industries and geographies as infiltrating technology is becoming increasingly sophisticated. If we are unable to prevent a significant cyber-attack, such attack could materially disrupt our operations, damage our reputation and lead to regulatory penalties and financial losses. To prevent such disruptions to our operations we have implemented a multi-layer security framework, from strategic corporate policies to operational procedures and controls. To support this framework, we use sophisticated technologies to secure our perimeter, computing equipment, networks, servers, storage and databases.

Information technology systems cannot be completely protected against certain events such as natural disasters, fraud, computer viruses, hacking, communication failures, equipment breakdown, software errors and other technical problems. However, our security framework allows us to minimize and manage these risks through the use of enabling technologies such as, but not limited to, firewalls, mail & web filtering, end point protection, antivirus and anti-malware, access lists, encryption and hardening. To ensure security at the web application level, a WAF - Web Application Firewall was implemented that protects web applications by filtering and blocking malicious traffic. This helps to prevent data theft, security breaches, and applications downtime.

In addition, our business operations routine involves gathering personal information about vendors, distributors, leaders, consultants, customers and employees among others, through the use of information technologies. Breaches of our systems or those of our third-party contractors, or other failures to protect such information, could expose such people's personal information to unauthorized use. Any such event could give rise to significant potential liability and reputational harm. To reduce the risk of cyberattacks, we plan to hire a Security Operations Center (SOC) to provide real-time protection for the Group's most critical information assets.

During 2024, we experienced an increased number of non-material phishing attempts which consisted of fake e-mails requesting minor payments and/or confidential information and e-mails with malicious files that we were able to successfully quarantine and contain, as well as sporadic attempted attacks, that were minor and unsuccessful, on our infrastructure. None of such incidents were material nor had any significant effect on our business or operations. However, we cannot guarantee any future events will not affect our operations or customers, particularly with AI use. We are constantly seeking to improve and strengthen our security strategy by aligning it with Security Frameworks and Best Practices such as NIST CSF and ISO 27000.

Because of the costs and difficulties inherent in managing cross-border business operations, our results of operations may be negatively impacted.

Managing our business, operations, personnel or assets in multiple jurisdictions is challenging and costly. Management may be inexperienced in cross-border business practices and unaware of significant differences in accounting rules, legal regimes and labor practices. Even with a seasoned and experienced management team, the costs and difficulties inherent in managing cross-border business operations, personnel and assets can be significant (and much higher than in a purely domestic business) and may negatively impact our financial and operational performance.

Our distributors, leaders and consultants are independent contractors and not employees. If regulatory authorities were to determine, however, that our distributors, leaders and consultants are legally our employees, we could have significant liability under social benefit laws.

Distributors, leaders and consultants are self-employed and are not our employees. Periodically, the question of the legal status of our distributors, leaders and consultants has arisen, usually with regard to possible coverage under social benefit laws that would require us to make regular contributions to social benefit funds. We cannot guarantee there will not be a future judicial or administrative determination adverse to the current criteria, which would substantial and materially adversely affect our business, results of operations and financial condition.

Inflation could adversely affect our business and results of operations.

The impact of geopolitical developments such as the Russia-Ukraine conflict and Israeli-Palestinian conflict, and the global supply chain disruptions could increase uncertainty in the outlook of near-term and long-term economic activity, including whether inflation will continue and how long, and at what rate. An increase in inflation could raise our costs for commodities, labor, materials and services and other costs required to grow and operate our business, and failure to secure these on reasonable terms may adversely impact our financial condition. Additionally, increases in inflation could cause global economic uncertainty and uncertainty about the interest rate environment, which may make it more difficult, costly or dilutive for us to secure additional financing. A failure to adequately respond to these risks could have a material adverse impact on our financial condition, results of operations or cash flows.

Goodwill, property, plant and equipment and intangible assets represent a significant portion of the Group's statement of financial position, and our operating results may suffer from possible impairments.

Goodwill, property, plant and equipment and intangible assets in our statement of financial position derived from past business combinations carried out by the Group, are further explained in the notes to the consolidated financial statements located elsewhere in this annual report. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. Property, plant and equipment and intangible assets with definite useful lives are tested for impairment whenever there is an indication that these assets may be impaired. In the case of an impairment, we will recognize charges to our operating results based on the impairment assessment processes. In addition, future acquisitions may be made by the Group and a portion of the purchase price of these acquisitions may be allocated to acquired goodwill, property, plant and equipment and intangible assets. An impairment on property, plant and equipment or goodwill of acquired businesses could have a material adverse effect on our financial condition and results of operations.

Material weaknesses have been identified in Betterware's internal control over financial reporting, and if we fail to establish and maintain proper and effective internal controls over financial reporting, our results of operations and our ability to operate our business may be materially adversely affected.

As of December 31, 2024, our management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

Our management concluded that we did not design and maintain effective controls over (i) the effectiveness of the controls over the business combination process, specifically, we did not design and maintain controls to determine the goodwill and long-lived assets at acquisition and its ongoing impairment assessment; including controls over the review of the data and assumptions used to determine the fair value of the assets and liabilities and the recoverable amount; (ii) the effectiveness of the controls over substantially all accounts and disclosures in the period-end financial reporting and consolidation process. Specifically, we did not design and maintain formal accounting policies, procedures and controls to ensure complete, accurate and timely reporting in the consolidated financial statements; and; and (iii) the effectiveness of information technology ("IT") general controls for information systems that are relevant to the preparation of our consolidated financial statements including control over change management, user access, computer operations and program development.

We are in the process of implementing several measures to strengthen our internal control over financial reporting such as the deployment of IT applications to enable and automate the consolidation and ITGC process. For details of the controls and remediation plan, see "Item 15—Controls and Procedures—Disclosure Controls and Procedures."

At the end of 2022, the Company became an accelerated filer and maintained that status during 2023 and 2024. The Company continues working to improve on the implementation of a formal internal control over financial reporting program based on a top-down risk assessment ensure the existence of controls over significant accounts, processes, applications and IT environments. See “Item 15—Controls and Procedures—Disclosure Controls and Procedures.”

If we fail to establish and maintain proper and effective internal controls over financial reporting or fail to adequately resolve our existing material weaknesses, our results of operations and our ability to operate our business may be materially adversely affected.

Our controlling shareholder may have interests that conflict with your interests.

As of the date of this annual report, Campalier owns approximately 53.91% of our outstanding Ordinary Shares. As the controlling shareholder, Campalier may take actions that are not in the best interests of the Group’s other shareholders. These actions may be taken in many cases even if they are opposed by the Group’s other shareholders. In addition, this concentration of ownership may discourage, delay or prevent a change in control which could deprive you of an opportunity to receive a premium for your Ordinary Shares as part of a sale of the Group.

Our business and results of operations may be adversely affected by the increased strain on our resources from complying with the reporting, disclosure and other requirements applicable to public companies in the United States promulgated by the U.S. Government, the NYSE or other relevant regulatory authorities.

Compliance with existing, new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance. Changing laws, regulations and standards include those relating to accounting, corporate governance and public disclosure, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Sarbanes-Oxley Act of 2002, new SEC regulations and the NYSE listing guidelines. Application of these laws, regulations and guidelines may evolve over time as new guidance is provided by regulatory and governing bodies. In particular, compliance with Section 404 of the Sarbanes-Oxley Act of 2002 (“Section 404”) and related regulations regarding required assessment of internal controls over financial reporting and our external auditor’s audit of that assessment, requires the commitment of significant financial and managerial resources. We also expect the regulations to increase our legal and financial compliance costs and to make it more difficult to attract and retain qualified officers and members of our board of directors, particularly to serve on our audit committee, and make some activities more difficult, time-consuming and costly.

Existing, new and changing corporate governance and public disclosure requirements could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards. Our efforts to comply with evolving laws, regulations and standards have resulted in, and are likely to continue to result in, increased general and administrative expenses. In addition, new laws, regulations and standards regarding corporate governance may make it more difficult for our company to obtain director and officer liability insurance. Further, our board members and senior management could face an increased risk of personal liability in connection with their performance of their duties. As a result, we may face difficulties attracting and retaining qualified board members and senior management, which could harm our business. If we fail to comply with new or changed laws or regulations and standards differ, our business and reputation may be materially adversely affected.

Our revenue and profitability may be affected if we fail to acquire new companies or integrate those that we have already acquired, such as JAFRA.

We consider acquisitions a useful instrument to complement our organic growth. We opportunistically explore acquiring other businesses and assets, such as the JAFRA Acquisition.

However, we may face financial, managerial and operational challenges, including diversion of management attention and resources needed for existing operations, difficulties with integrating acquired businesses, such as JAFRA, integration of different corporate cultures, increased expenses, potential dilution of our brand, assumption of unknown liabilities, potential disputes with the sellers and the need to evaluate the financial systems of and establish internal controls for acquired entities. Further, we seek out acquisitions of companies that maintain the same high quality standards that we maintain, and if we misjudge or overestimate products quality standards, we may not be able to use these products or implement the strategies that were the primary reason for the corresponding acquisition, such as may be the case with the JAFRA Acquisition, which would lead to a significant loss both financially and in time spent by our teams trying to integrate the products or implement the strategy.

In addition, our ability to realize the benefits we anticipate from our acquisition activities, including the JAFRA Acquisition, including any anticipated sales growth, cost synergies and other anticipated benefits, will depend in large part upon whether we are able to integrate such businesses efficiently and effectively. Integration is an ongoing process, and we may not be able to fully integrate such businesses smoothly or successfully, and the process may take longer than expected. Further, the integration of certain operations and the differences in operational culture following such activity will continue to require the dedication of significant management resources, which may distract management's attention from day-to-day business operations.

There may also be unasserted claims or assessments that we failed or were unable to discover or identify in the course of performing due diligence investigations of target businesses. While we normally negotiate representation and warranties and related indemnification in relation to such acquisitions, these may not be enough to cover our exposure if a significant liability arises in connection with any acquisition agreement, including the JAFRA Acquisition. We cannot assure you that these indemnification provisions will protect us fully or at all, and as a result we may face unexpected liabilities that could adversely affect our business, financial condition and results of operations.

If we are unable to successfully integrate the operations of JAFRA, or any other acquired business, into our business, we may be unable to realize the sales growth, cost synergies and other anticipated benefits of such transactions, and our business, results of operations and cash flow could be materially adversely affected.

Our indebtedness and any future inability to meet any of our obligations under our indebtedness, could adversely affect us by reducing our flexibility to respond to changing business and economic conditions.

As of December 31, 2024, we had Ps.5,170 million of outstanding indebtedness (current and non-current borrowings and leases). We rely on obtaining financing and refinancing of existing indebtedness in order to operate our business, implement our strategy and grow our business. Recent disruptions in the global credit markets and their effect on the global and Mexican economies could materially adversely affect our business. We may also incur additional working capital lines of credit to meet future financing needs, subject to certain restrictions under our indebtedness, which would increase our total indebtedness. We may be unable to generate sufficient cash flow from operations and future borrowings, and other financing may be unavailable in an amount sufficient to enable us to fund our current and future financial obligations or our other liquidity needs, which would have a material adverse effect on our business, prospects, financial condition, liquidity and results of operations as well as reduce the availability of our cash flow to fund working capital, operations, capital expenditures, dividend payments, strategic acquisitions, expansion of our operations and other business activities. Our indebtedness could have material negative consequences on our business, prospects, financial condition, liquidity, results of operations and cash flows, including the following:

- limitations on our ability to obtain additional debt financing sufficient to fund growth, such as working capital and capital expenditures requirements or to meet other cash requirements, in particular during periods in which credit markets are weak;
- a downgrade in our credit ratings;
- a limitation on our flexibility to plan for, or react to, competitive challenges in our business and industry;

- the possibility that we are put at a competitive disadvantage relative to competitors with less debt or debt with more favorable terms than us, and competitors that may be in a more favorable position to access additional capital resources and withstand economic downturns;
- limitations on our ability to execute business development activities to support our strategies or ability to execute restructuring as necessary; and
- limitations on our ability to invest in recruiting, retaining, and servicing our distributors, leaders and consultants.

Certain of our indebtedness contain customary covenants, including, among other things, limits on the ability of the company and any restricted subsidiary to, subject to certain exceptions, incur liens, incur debt, merge, consolidate or dispose of all or substantially all of its assets.

Changes in taxes and other assessments may adversely affect us.

The legislatures and tax authorities in the tax jurisdictions in which we are subject to tax regularly enact reforms to the tax and other assessment regimes to which we, our distributors, leaders and consultants, and our customers are subject. Such reforms include changes in tax rates and, occasionally, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. In addition, the interpretation of tax laws by courts and taxation authorities is constantly evolving. The effects of these changes and any other changes that result from enactment of additional tax reforms or changes to the manner in which current tax laws are applied cannot be quantified and there can be no assurance that any such reforms or changes would not have an adverse effect upon our business directly or indirectly (e.g., by affecting the business of our consultants and representatives).

For example, Latin American governments have often increased taxes or changed tax legislation as a response to macroeconomic crises or other developments affecting their respective jurisdictions. These and any other possible future changes in tax policy laws in the countries where we are subject to tax may adversely affect our business, financial condition, and results of operations.

In December 2021, the Organization for Economic Cooperation and Development “OECD” released the pillar two model rules (the Global Anti-Base Erosion Proposal, or “GloBE”) to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

As of December 31, 2024, the Group is not within the scope of the pillar two model rules because this legislation has not been enacted in the jurisdictions where it operates. Since pillar two legislation is not effective at the reporting date, the Group has no current tax exposure; however, the Group will be analyzing the potential implications of the application of the pillar two rules, including evaluating whether the requirements in each jurisdiction qualify as income taxes under the scope of IAS 12. We cannot provide any assurance regarding the effect, if any, that such rules would have on our results of operations or financial condition.

We are subject to environmental laws and regulations risks that could affect our business, results of operations and financial condition.

Our operations are subject to a wide range of environmental laws and regulations in each of the jurisdictions in which we operate. These laws and regulations impose increasingly rigorous environmental protection standards. According to Mexican General Law of Ecological Balance and Environmental Protection (Ley General de Equilibrio Ecológico y la Protección al Ambiente or LGEEPA in Spanish), organizations must comply with the following, among others: (i) guarantee the human right of every person to a healthy environment for their development and well-being; (ii) the preservation, restoration and improvement of the environment; (iii) the preservation and protection of biodiversity, as well as the establishment and administration of protected natural areas; (iv) the sustainable use, preservation and, where appropriate, restoration of soil, water and other natural resources, so that they are compatible for obtaining economic benefits and the activities of society with the preservation of the ecosystems; and (v) prevention and control of air, water and soil pollution, among others. The establishment of these controls and security measures exposes us to a risk of significant environmental costs and responsibilities, such as taxes, investment in equipment and technology, investment in spaces for development and well-being, fines and penalties. In addition, we are exposed to the fact that, over time, these laws and regulations may become more stringent over existing ones, which could lead to the imposition of new risks and costs resulting in a decrease in our profitability.

Environmental requirements can restrict trade which could lead to increased transportation and import costs for the products we sell to our customers.

Environmental, social and corporate governance (ESG) issues, including those related to climate change and sustainability, may have an adverse effect on our business, financial condition and results of operations and damage our reputation.

There is an increasing focus from certain investors, customers, consumers, employees and other stakeholders concerning ESG matters. Additionally, public interest and legislative pressure related to public companies' ESG practices continue to grow. If our ESG practices fail to meet regulatory requirements or investor, customer, consumer, employee or other stakeholders' evolving expectations and standards for responsible corporate citizenship in areas including environmental stewardship, support for local communities, board of director and employee diversity, human capital management, employee health and safety practices, product quality, supply chain management, corporate governance and transparency, our reputation, brand and employee retention may be negatively impacted, and our customers and suppliers may be unwilling to continue to do business with us. See "Company Information—Environment, Social and Governance."

Customers, consumers, investors and other stakeholders are increasingly focusing on environmental issues, including climate change, energy and water use, plastic waste and other sustainability concerns. Concern over climate change may result in new or increased legal and regulatory requirements to reduce or mitigate impacts to the environment. Changing customer and consumer preferences or increased regulatory requirements may result in increased demands or requirements regarding plastics and packaging materials, including single-use and non-recyclable plastic products and packaging, other components of our products and their environmental impact on sustainability, or increased customer and consumer concerns or perceptions (whether accurate or inaccurate) regarding the effects of substances present in certain of our products. Complying with these demands or requirements could cause us to incur additional manufacturing, operating or product development costs.

If we do not adapt to or comply with new regulations, or fail to meet evolving investor, industry or stakeholder expectations and concerns regarding ESG issues, investors may reconsider their capital investment in our Company, and customers and consumers may choose to stop purchasing our products, which could have a material adverse effect on our reputation, business, results of operations or financial condition.

Our products are subject to federal, state and international regulations that could have a material adverse effect on our business, prospects, results of operations, financial condition and/or cash flows.

Our business is subject to numerous laws, regulations and trade policies. We are subject to regulation by the FTC and the FDA in the U.S., as well as various other federal, state, local and foreign regulatory authorities, including those in the countries in which the Company operates. Our facility located in Queretaro, Mexico is registered with the FDA as a drug manufacturing establishment, permitting the manufacture of cosmetics and other beauty-care products that contain over-the-counter drug ingredients, such as sunscreens, anti-perspirant deodorants and anti-dandruff hair-care products. Regulations in the U.S., the EU, Canada and other countries in which we operate are designed to protect consumers or the environment, such as regulations enacted to address the impacts of climate change, have an increasing influence on our product claims, ingredients and packaging. To the extent federal, state, local and/or foreign regulatory changes occur in the future, whether due to changes in applicable laws or regulations or evolving interpretations and enforcement policies by regulatory authorities, they could require us to reformulate or discontinue certain of our products or revise its product packaging or labeling, any of which could result in, among other things, increased our costs, delays in product launches, product returns or recalls and lower net sales, and therefore could have a material adverse effect on our business, prospects, results of operations, financial condition and/or cash flows.

Risks Related to Mexico

Since more than 90% of our operations are concentrated in Mexico, we are subject to political, economic, legal, and regulatory risks specific to Mexico and are vulnerable to an economic downturn, other changes in market conditions, acts of violence, or natural disasters in Mexico which may adversely affect our business and results of operations.

Currently, almost all of our operations are conducted, and almost all of our customers are located, in Mexico. Accordingly, our ability to raise revenues, our financial condition and results of operations are substantially dependent on the economic conditions prevailing in Mexico. As a result, our business may be significantly affected by the Mexican economy's general condition, by the depreciation of the Mexican peso, by inflation and high interest rates in Mexico, or by political developments in Mexico. Declines in growth, high rates of inflation and high interest rates in Mexico have a generally adverse effect on our operations. If inflation in Mexico increases while economic growth slows, our business, results of operations and financial condition will be affected. In addition, high interest rates and economic instability could increase our costs of financing. For the years ended December 31, 2022, 2023 and 2024, GDP in Mexico decreased by 3.9%, increased by 3.1% and increased by 1.3%, respectively.

During 2024, Mexico's sovereign debt rating has been confirmed by several rating agencies (S&P Global, HR Ratings and Fitch Ratings) and a stable outlook was maintained. On November 2024, Moody's Ratings changed the outlook on the Government of Mexico's ratings to negative from stable. We cannot ensure that the rating agencies will not announce an outlook revision and/or any downgrades of Mexico or any of its state-owned companies. These revisions and downgrades could adversely affect the Mexican economy and, consequently, our business, financial condition, operating results and prospects.

In the event that the Mexican economy continues to experience a deterioration of economic conditions such as rising inflation, additional interest rate increases, downgrade of sovereign debt, among other factors, the activities, financial situation, operating results, cash flows and/or prospects of the Group, could be adversely and significantly affected.

Developments in other countries could materially affect the Mexican economy and, in turn, our business, financial condition and results of operations.

Mexico's economy is vulnerable to global market downturns and economic slowdowns. The global economy, including Mexico's economy, was materially and adversely affected by a significant lack of liquidity, disruption in the credit markets, reduced business activity, rising unemployment, interest rates changes and erosion of consumer confidence during the global pandemic and its effects. This situation has had a direct adverse effect on the purchasing power of our customers in Mexico.

The tariff policy announced by President Donald J. Trump on April 2, 2025, which has included a universal 10% tariff on imports and additional reciprocal tariffs targeting specific countries, may significantly affect Mexico. These tariffs could lead to increased costs for businesses reliant on cross-border trade, disrupt supply chains, and reduce competitiveness. Furthermore, retaliatory measures by countries could exacerbate economic tensions, creating uncertainty in the business environment and impacting global economic relations. The macroeconomic environment in which we operate is beyond our control, and the future economic environment may continue to be less favorable than in recent years. There is no assurance of a strong economic recovery or that the current economic conditions will ameliorate. The risks associated with current and potential changes in the Mexican economy are significant and could have a material adverse effect on our business, results of operation and financial condition.

The market prices of securities issued by companies with Mexican operations are affected to varying degrees by the economic and market situation in other places, including the United States, China, the rest of Latin America and other countries with emerging markets. Therefore, investors' reactions to events in any of these countries could have an adverse effect on the market price of securities issued by companies with Mexican operations. Past economic crises that have occurred in the United States, China or in countries with emerging markets could cause a decrease in the levels of interest in the securities issued by companies with Mexican operations.

In the past, the emergence of adverse economic conditions in other emerging countries has led to capital flight and, consequently, to decreases in the value of foreign investments in Mexico. The financial crisis that arose in the United States during the third quarter of 2008, unleashed a global recession that directly and indirectly affected the economy and the Mexican stock markets and caused, among other things, fluctuations in purchase prices the sale of securities issued by publicly traded companies, shortage of credit, budget cuts, economic slowdowns, volatility in exchange rates, and inflationary pressures.

Financial problems or an increase in risk related to investment in emerging economies or a perception of risk could limit foreign investment in Mexico and adversely affect the Mexican economy. Mexico has historically experienced uneven periods of economic growth and the economy as a whole has recently been adversely affected by the current expectation of a recession or slowdown in the United States and other countries' economies. There can be no assurance that the overall business environment in which we operate will improve and we cannot predict the impact any future economic downturn could have on our results of operations and financial condition. However, consumer demand generally decreases during economic downturns, which will negatively affect our business, results of operations and financial condition.

The political situation in Mexico could negatively affect our operating results.

In Mexico, political instability has been a determining factor in business investment. Significant changes in laws, public policies and/or regulations could affect Mexico's political and economic situation, which could, in turn, adversely affect our business. Mexican political events may affect our business operations. President Sheinbaum's political party and its allies hold a majority in the Chamber of Deputies (*Cámara de Diputados*) and the Senate (*Senado de la República*) and have a strong influence in various local legislatures. The federal administration has significant power to implement substantial changes in law, policy, and regulations in Mexico, including Constitutional reforms, which could affect our business, results of operations, financial condition, and prospects.

We cannot predict whether potential changes in Mexican governmental and economic policy could adversely affect Mexico's economic conditions or the sector in which we operate. We cannot predict whether President López Obrador's 2024 controversial judicial reform could adversely affect Mexico's economic conditions or our business, results of operations, financial condition, and prospects. We cannot provide any assurances that political developments in Mexico, over which we have no control, will not have an adverse effect on our business, results of operations, financial condition, and prospects. Social and political instability in or affecting Mexico could adversely affect our business, financial condition, and results of operations, as well as market conditions and prices of our securities. These and other future developments in the Mexican political or social environment may cause disruptions to our business operations and decreases in our sales and net income.

We cannot predict the impact that economic, social and political instability in or affecting Mexico could adversely affect our business, financial condition and results of operations, as well as market conditions and prices of our securities. These and other future developments, over which we have no control, in the Mexican economic, political or social environment may cause disruptions to our business operations and decreases in our sales and net income.

Currency exchange rate fluctuations, particularly with respect to the US dollar/Mexican peso exchange rate, could lower margins.

The value of the Mexican peso has been subject to significant fluctuations with respect to the U.S. dollar in the past and may be subject to significant fluctuations in the future. Historically, BMW has been able to raise their prices generally in line with local inflation, thereby helping to mitigate the effects of devaluations of the Mexican peso. However, BMW may not be able to maintain this pricing policy in the future, or future exchange rate fluctuations may have a material adverse effect on our ability to pay suppliers.

Given Betterware's inability to predict the degree of exchange rate fluctuations, it cannot estimate the effect these fluctuations may have upon future reported results, product pricing or our overall financial condition. Although we attempt to reduce our exposure to short-term exchange rate fluctuations by using foreign currency exchange contracts, we cannot be certain that these contracts or any other hedging activity will effectively reduce exchange rate exposure. In particular, BMW currently employs a hedging strategy comprised of forwards U.S. dollar–Mexican peso derivatives that are designed to protect us against devaluations of the Mexican peso. The hedging contracts cover 100% of the home organization product needs until June 2025. In addition, we generally purchase our hedging instruments on a rolling twelve-month basis; instruments protecting it to the same or a similar extent may not be available in the future on reasonable terms. Unprotected declines in the value of the Mexican peso against the U.S. dollar will adversely affect our ability to pay our dollar-denominated expenses, including our supplier obligations.

Any adverse changes in our business operations in Mexico would adversely affect our revenue and profitability.

The following factors, among others, could harm our business in Mexico:

- worsening economic conditions, including a recession in the United States and/or Mexico;
- fluctuations in currency exchange rates and inflation;
- longer collection cycles;
- potential adverse changes in tax laws or price controls;
- changes in labor conditions;
- burdens and costs of compliance with a variety of laws;

- political, social and economic instability;
- increases in taxation; and
- outbreaks of disease and health epidemics, such as the COVID-19 pandemic.

Economic and political developments in Mexico and the United States may adversely affect Mexican economic policy.

Mexico's economy is vulnerable to global market downturns and economic slowdowns. Moreover, Mexico's economy is largely influenced by economic conditions in the United States and Canada as a result of various factors, including the volume of commercial transactions under the United States–Mexico–Canada Agreement (the "USMCA") and the level of U.S. investments in Mexico.

Therefore, events and conditions that affect the U.S. economy can also directly and indirectly affect our business, financial condition, and results of operations. The global economy, including Mexico and the United States, has been materially and adversely affected by a significant lack of liquidity, disruption in the credit markets, reduced business activity, rising unemployment, a decline in interest rates, and erosion of consumer confidence during recent periods of recession. This situation has had a direct adverse effect on the purchasing power of our customers in Mexico. The macroeconomic environment in which we operate is beyond our control, and the future economic environment may continue to be less favorable than in recent years. The risks associated with current and potential changes in the Mexican and United States economies are significant and could have a material adverse effect on our business, financial condition, and results of operations.

Likewise, any action taken by the current U.S. or Mexico administrations, including changes to the USMCA and/or other U.S. government policies that may be adopted by the U.S. administration, such as the tariff policy on imports, could have a negative impact on the Mexican economy, such as reductions in the levels of remittances, reduced commercial activity or bilateral trade or declining foreign direct investment in Mexico. In addition, increased or perceptions of increased economic protectionism in the United States, Mexico and other countries could potentially lead to lower levels of trade and investment and economic growth, which could have a similarly negative impact on the Mexican economy. These economic and political consequences could adversely affect our business, results of operations and financial condition.

We cannot make assurances that any events in the United States or elsewhere will not materially and adversely affect us.

Mexico is an emerging market economy, with attendant risks to our results of operations and financial condition.

The Mexican government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, Mexican governmental actions concerning the economy and state-owned enterprises could have a significant impact on Mexican private sector entities in general, as well as on market conditions, prices and returns on Mexican securities. The national elections held on July 2, 2018 ended six years of rule by the Institutional Revolutionary Party (*Partido Revolucionario Institucional* or "PRI") with the election of President Andres Manuel Lopez Obrador, a member of the Morena Party. In the national elections held on June 2, 2024, Claudia Sheinbaum, representing the Morena party, was elected President, succeeding Andrés Manuel López Obrador. Morena and its allies further consolidated power by winning six of the eight gubernatorial races. Additionally, Morena secured strong majorities in both houses of the federal Congress. This dominance has led to a weakened opposition, with traditional parties like the PRI and the National Action Party (*Partido Acción Nacional* or "PAN") experiencing significant losses and internal challenges.

Multiparty rule is still relatively new in Mexico and could result in economic or political conditions that could materially and adversely affect our operations. We cannot predict the impact that this political landscape will have on the Mexican economy. Furthermore, our financial condition, results of operations and prospects and, consequently, the market price for our shares, may be affected by currency fluctuations, rising inflation, rising interest rates, price controls, regulation, taxation, social instability and other political, social and economic developments in or affecting Mexico.

The Mexican economy in the past has suffered balance of payment deficits and shortages in foreign exchange reserves. There are currently no exchange controls in Mexico; however, Mexico has imposed foreign exchange controls in the past. Pursuant to the provisions of the United States-Mexico-Canada Agreement, if Mexico experiences serious balance of payment difficulties or the threat thereof in the future, Mexico would have the right to impose foreign exchange controls on investments made in Mexico, including those made by U.S. and Canadian investors.

Securities of companies in emerging market countries tend to be influenced by economic and market conditions in other emerging market countries. Emerging market countries, including Argentina and Venezuela, have recently been experiencing significant economic downturns and market volatility. These events could have adverse effects on the economic conditions and securities markets of other emerging market countries, including Mexico.

Investments in Mexican companies entail substantial risk; 2024 judicial reform; the Mexican government has exercised, and continues to exercise, an important influence on the Mexican economy.

Investments in Mexico carry significant risks, including the risk of expropriation or nationalization laws being enacted or imposing exchange controls, price controls, taxes, inflationary, hyperinflationary, exchange rate risk, credit risk, among other governmental or political restrictions. We are incorporated under the laws of Mexico and most of our operations and assets are located in Mexico. As a consequence of the foregoing, our financial condition and results of operations could be negatively affected.

In 2024, Mexico approved a judicial reform that introduces significant changes to the structure and appointment process of the judiciary, including the Supreme Court and lower courts. The reform allows for the direct election of judges and justices, potentially increasing political influence in the judicial system. These changes may affect the predictability and stability of legal rulings, enforcement of contracts, and the overall business environment in Mexico. Any uncertainty or perceived weakening of judicial independence could impact investor confidence, the enforceability of legal rights, and the resolution of commercial disputes, which may adversely affect our business, financial condition, and results of operations.

The Mexican government has exercised, and continues to exercise, a strong influence on the country's economy. Consequently, Mexican federal government actions and policies related to the economy, state-owned and controlled companies, and financial institutions, could have a significant impact on private sector entities in general, including us, in particular and on market conditions, prices and returns on Mexican securities, including counterparty risk. The Mexican federal government has made major policy and regulatory changes and may do so again in the future. Actions to control inflation and other regulations and policies have involved, among other measures, an increase in interest rates, changes in fiscal policies, price controls, currency devaluations, capital controls and limits on imports. Tax and labor legislation, in particular, in Mexico is subject to continuous change, and we cannot guarantee that the Mexican government will maintain current economic or other policies in force or if any changes to such laws and policies would have a material adverse effect on us or on our financial performance. The measures adopted by the government could have a significant effect on private sector entities in general, as well as on the market situation and on the price of our shares.

Additionally, the Mexican federal government has implemented protectionist policies in the past and could implement certain national policies in the future that could restrict our operations, including restrictions on imports from certain countries.

Our business may be significantly affected by the Mexican economy's general condition, by the depreciation of the peso, inflation, and high-interest rates in Mexico.

Declines in growth, high rates of inflation, and high-interest rates in Mexico could materially adversely affect our business. If inflation in Mexico increases while economic growth slows, our business, results of operations, and financial condition will be affected. In addition, high-interest rates and economic instability could increase our costs of financing.

In the past, the rating agencies rating Mexico have downgraded Mexico and/or placed Mexico on negative outlooks. On July 18, 2023, Fitch Ratings affirmed Mexico's Long-Term (LT) Foreign Currency (FC) Issuer Default Rating (IDR) at 'BBB-'; with a stable rating outlook. On November 14, 2024, Moody's affirmed Mexico's senior unsecured long-term ratings at Baa2; but changed the outlook on the Government of Mexico's ratings from stable to negative. We cannot ensure that the rating agencies will not announce additional downgrades of Mexico in the future. These downgrades could adversely affect the Mexican economy and, consequently, our business, financial condition, results of operations, and prospects.

In addition, increased inflation would raise our cost of funding, which we may not be able to fully pass on to our customers, given that doing so could adversely affect our business. Our financial condition and profitability may be adversely affected by the level of, and fluctuations in, interest rates, which affect our ability to earn a spread between the interest received on our loans or the rentals and fees charged on our leases and the cost of our funding. Although we have taken measures to minimize the potential impact of inflation by ensuring that the majority of our liabilities have fixed interest rates, if the rate of inflation increases or becomes uncertain and unpredictable, our business, financial condition and results of operations could be adversely affected.

If the Mexican government imposes exchange controls and/or other similar restrictions, the Mexican economy and our operations may be negatively affected.

In the past, the Mexican economy has experienced a balance of payment deficits and shortages in foreign exchange reserves. There can be no assurance that the Mexican government will not institute a restrictive exchange control policy or other restrictions. If the Mexican government imposes exchange controls and/or other similar restrictions, the Mexican economy and our operations may be negatively affected.

Security risks in Mexico could increase, and this could adversely affect the Mexican economy and our business, financial condition, and results of operations.

In recent years, Mexico has experienced a period of increasing criminal activity and particularly high homicide rates, primarily due to organized crime. The presence of violence among drug cartels, and between drug cartels and the Mexican law enforcement and armed forces, or an increase in other types of crime, pose a risk to our business, and could negatively impact business continuity. This situation in Mexico could worsen if the economy continues to deteriorate. On February, 2025, the U.S. Department of State announced the designation of certain Mexican drug cartels as "Foreign Terrorist Organizations" and "Specially Designated Global Terrorists". This may lead to increased regulatory scrutiny, sanctions, and enforcement actions, and could result in heightened compliance requirements, disruptions to cross-border trade, and potential reputational risks for entities with operations or business relationships in Mexico. Additionally, such measures may exacerbate political and economic tensions between the United States and Mexico, potentially impacting the broader business environment and bilateral relations. Such designation could have a material adverse effect on our business, reputation, results of operations and financial condition.

We are subject to anti-corruption, anti-bribery, anti-money laundering, and antitrust laws and regulations in Mexico.

We are subject to anti-corruption, anti-bribery, anti-money laundering, antitrust and other international laws and regulations and are required to comply with the applicable laws and regulations of Mexico. In addition, we are subject to regulations on economic sanctions that restrict our dealings with certain sanctioned countries, individuals, and entities. There can be no assurance that our internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud, or violations of law by our affiliates, employees, directors, officers, partners, agents, and service providers or that any such persons will not take actions in violation of our policies and procedures. Any violations by us of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on our business, reputation, results of operations and financial condition.

The regulatory environment in which we operate is evolving, and our operations may be modified or otherwise adversely affected by regulatory changes, subjective interpretations of laws or an inability to work effectively with national and local government agencies.

Although we review applicable local laws in developing our plans, our efforts to comply with them may be harmed by an evolving regulatory climate and subjective interpretation of laws by the authorities. Any determination that our operations or activities are not in compliance with applicable regulations could negatively impact our business and our reputation with regulators in the markets in which we operate.

Laws and regulations may restrict our direct sales efforts and adversely affect our revenue and profitability.

Various government agencies throughout the world regulate direct sales practices. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as “pyramid” schemes, that compensate participants for recruiting additional participants irrespective of product sales and/or which do not involve legitimate products. The laws and regulations in our current markets often:

- impose on us order cancellations, product returns, inventory buy-backs and cooling-off rights for consumers, distributors, leaders and consultants;
- require us or our distributors, leaders and consultants to register with governmental agencies;
- impose on us reporting requirements to regulatory agencies; and/or
- require us to ensure that distributors, leaders and consultants are not being compensated solely based upon the recruitment of new of them.

Complying with these rules and regulations can be difficult and requires the devotion of significant resources on the Group’s part.

In addition, Mexico could change its laws or regulations to negatively affect or prohibit completely network or direct sales efforts. Government agencies and courts in Mexico may also use their powers and discretion in interpreting and applying laws in a manner that limits our ability to operate or otherwise harms our business. If any governmental authority were to bring a regulatory enforcement action against the Group that interrupts our business, our revenue and earnings would likely suffer.

You may have difficulty enforcing your rights against Betterware and our directors and executive officers.

Betterware is a company incorporated in Mexico. Most of our directors and executive officers are non-residents of the U.S. You may be unable to effect service of process within the U.S. on Betterware, its directors and executive officers. In addition, as all of our assets and substantially all of the assets of our directors and executive officers are located outside of the U.S., you may be unable to enforce against BMW and our directors and executive officers' judgments obtained in the U.S. courts, including judgments predicated upon civil liability provisions of the U.S. federal securities laws or state securities laws. There is also doubt as to the enforceability, in original actions in Mexican courts, of liabilities including those predicated solely on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions, including those predicated upon the civil liability provisions of U.S. federal securities laws. There is no bilateral treaty currently in effect between the United States and Mexico that covers the reciprocal enforcement of civil foreign judgments. In the past, Mexican courts have enforced judgments rendered in the United States by virtue of the legal principles of reciprocity and comity, consisting of the review in Mexico of the United States judgment, in order to ascertain, among other matters, whether Mexican legal principles of due process and public policy (*orden público*) have been complied with, without reviewing the merits of the subject matter of the case.

Risks Related to Ownership of our Ordinary Shares

As a "foreign private issuer" under the rules and regulations of the SEC, Betterware is permitted to, and is expected to, file less or different information with the SEC than a company incorporated in the United States or otherwise subject to these rules and is permitted to follow certain home country corporate governance practices in lieu of certain NYSE requirements applicable to U.S. issuers.

Betterware is considered a "foreign private issuer" under the Securities Exchange Act (the "Exchange Act") and therefore exempt from certain rules under the Exchange Act, including the proxy rules, which impose certain disclosure and procedural requirements for proxy solicitations for U.S. and other issuers. Moreover, the Group is not required to file periodic reports and financial statements with the SEC as frequently or within the same time frames as U.S. companies with securities registered under the Exchange Act. We currently prepare our financial statements in accordance with IFRS. The Group is not required to file financial statements prepared in accordance with or reconciled to U.S. GAAP so long as our financial statements are prepared in accordance with IFRS. The Group is not required to comply with Regulation FD, which imposes restrictions on the selective disclosure of material information to shareholders. In addition, BMW's officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of Company securities.

In addition, as a "foreign private issuer" whose shares are listed on the NYSE, the Company is permitted to, and is expected to, follow certain home country corporate governance practices in lieu of certain NYSE requirements. A foreign private issuer must disclose in its annual reports filed with the SEC each NYSE requirement with which it does not comply followed by a description of its applicable home country practice. As a Mexican corporation listed on the NYSE, the Company is permitted to follow our home country practice with respect to the composition of the board of directors and nominations committee and executive sessions. Unlike the requirements of the NYSE, the corporate governance practices and requirements in Mexico do not require the Company to (i) have a majority of its board of directors to be independent, (ii) establish a nominations committee, and (iii) hold regular executive sessions where only independent directors shall be present. Such home country practices of Mexico may afford less protection to holders of Company shares than under U.S. standards.

The Company could lose its status as a “foreign private issuer” under current SEC rules and regulations if more than 50% of the Company’s outstanding voting securities become directly or indirectly held of record by U.S. holders and one of the following is true: (i) the majority of the Company’s directors or executive officers are U.S. citizens or residents; (ii) more than 50% of the Company’s assets are located in the United States; or (iii) the Company’s business is administered principally in the United States. If the Company loses its status as a foreign private issuer in the future, it will no longer be exempt from the rules described above and, among other things, will be required to file periodic reports and annual and quarterly financial statements as if it were a company incorporated in the United States. If this were to happen, the Company would likely incur substantial costs in fulfilling these additional regulatory requirements and members of the Company’s management would likely have to divert time and resources from other responsibilities to ensuring these additional regulatory requirements are fulfilled.

If securities or industry analysts do not publish or cease publishing research or reports about Betterware, our business, or markets, or if they change their recommendations regarding the Company shares adversely, the price and trading volume of the Company’s shares could decline.

The trading market for the Company’s shares is influenced by the research and reports that industry or securities analysts may publish about the Company, our business, market, or competitors. Securities and industry analysts do not currently, and may never, publish research on the Company. If no securities or industry analysts commence coverage of the Company, the price and trading volume of the Company shares would likely be negatively impacted. If any of the analysts who may cover the Company change their recommendation regarding the Company’s shares adversely or provide more favorable relative recommendations about the Company’s competitors, the price of the Company’s shares would likely decline. If any analyst who may cover the Company were to cease coverage of the Company or fail to regularly publish reports on it, the Company could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline.

There can be no assurance that Betterware will be able to comply with the continued listing standards of the NYSE.

Betterware’s shares are listed on the NYSE under the symbol “BWMX.” If the NYSE delists the Company’s securities from trading on its exchange for failure to meet the listing standards, the Company and its shareholders could face significant material adverse consequences including:

- a limited availability of market quotations for the Company’s securities;
- a determination that the Company shares are “penny stock” which will require brokers trading in the Company shares to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for the Company’s shares;
- a limited amount of analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

If Betterware is characterized as a passive foreign investment company, or a PFIC, adverse U.S. federal income tax consequences may result for U.S. holders of Company shares.

Based on the projected composition of our income and assets, including goodwill, it is not expected that the Company will be a PFIC for the foreseeable future. However, the tests for determining PFIC status are applied annually after the close of the taxable year, and it is difficult to predict accurately future income and assets relevant to this determination. Accordingly, there can be no assurance that the Company will not be considered a PFIC for any taxable year.

If the Company is a PFIC for any year during which a U.S. holder holds Company shares, a U.S. holder generally would be subject to additional taxes (including taxation at ordinary income rates and an interest charge) on any gain realized from a sale or other disposition of the Company shares and on any “excess distributions” received from the Company. Certain elections may be available that would result in alternative treatments of the Company shares.

We urge U.S. holders to consult their own tax advisors regarding the possible application of the PFIC rules to the ownership of Company shares.

The Amended and Restated Charter of Betterware provides for the exclusive jurisdiction of the federal courts in Mexico City, Mexico for substantially all disputes between the Company and its shareholders, which could limit Company shareholders’ ability to obtain a favorable judicial forum for disputes with the Company or its directors, officers, other employees or shareholders.

The Amended and Restated Charter of the Company provides for the exclusive jurisdiction of the federal courts located in Mexico City, Mexico for the following civil actions:

- any action between the Company and its shareholders; and
- any action between two or more shareholders or groups of shareholders of the Company regarding any matters relating to the Company.

This exclusive jurisdiction provision may limit a shareholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or any of its directors, officers, other employees or shareholders, which may discourage lawsuits with respect to such claims, although the Company’s shareholders will not be deemed to have waived the Company’s compliance with U.S. federal securities laws and the rules and regulations thereunder applicable to foreign private issuers. Alternatively, if a court were to find the exclusive jurisdiction provision contained in the Amended and Restated Charter to be inapplicable or unenforceable in an action, the Company may incur additional costs associated with resolving such action in other jurisdictions, which could harm the Company’s business, operating results and financial condition. The exclusive jurisdiction provision would not prevent derivative shareholder actions based on claims arising under U.S. federal securities laws from being raised in a U.S. court and would not prevent a U.S. court from asserting jurisdiction over such claims. However, there is uncertainty whether a U.S. court would enforce the exclusive jurisdiction provision for actions for breach of fiduciary duty and other claims.

The anti-takeover protections included in our Bylaws and others provided under Mexican Law may deter potential acquirors.

Our bylaws provide that, subject to certain exceptions as explained below, prior written approval from the board of directors shall be required for any person, or group of persons to acquire, directly or indirectly, any of our common shares or rights to our common shares, by any means or under any title whether in a single event or in a set of consecutive events, such that its total shares or rights to shares would represent 20% or more of our outstanding shares.

These provisions could make it substantially more difficult for a third party to acquire control of us. These provisions in our bylaws may discourage certain types of transactions involving the acquisition of our securities. These provisions could discourage transactions in which our shareholders might otherwise receive a premium for their shares over the then current market price. Holders of our securities who acquire shares in violation of these provisions will not be able to vote, or receive dividends, distributions or other rights in respect of, these securities and would be obligated to pay us a penalty. For a description of these provisions, see “Item 10. Additional Information —Bylaws—Anti-takeover Protections.”

ITEM 4. INFORMATION ON THE COMPANY

The Company makes its filings in electronic form under the EDGAR filing system of the SEC. Our filings are available through the EDGAR system at www.sec.gov. The Company's filings are also available to the public through the Internet at our website at <https://investors.betterware.com.mx>. Such filings and other information on our website are not incorporated by reference in this annual report. Interested parties may request a copy of this filing, and any other report, at no cost, by writing to the following email address: ir@better.com.mx.

A. HISTORY AND DEVELOPMENT OF THE COMPANY

All amounts in this section marked with "Ps." are in thousands of Mexican pesos, unless otherwise noted

- Founded in 1995, Betterware is a leading direct-to-costumer company in Mexico. Betterware is focused on the home organization segment, with a wide product portfolio including home solutions, kitchen and food preservation, technology and mobility, among other categories.
- On August 2, 2019, DD3 entered into a Combination and Stock Purchase Agreement with Sellers, Betterware, BLSM, pursuant to which DD3 agreed to merge with and into Betterware in a Business Combination. See "The Business Combination."
- In August 2019, Betterware started building a distribution center which was ready for use in 2021, with construction completed in 2023, for a total investment of Ps.1,110,807.
- On March 13, 2020, the Merger with DD3 was closed and consummated.
- On December 14, 2020, the Forteza Merger was closed and consummated.
- On August 2, 2021, Betterware's corporate name changed from Betterware de México, S.A.B. de C.V. to Betterware de México, S.A.P.I. de C.V.
- On August 30, 2021, we completed an offering of a two-tranche sustainability bond issuance for a total of Ps.1,500,000, with maturities across 4 and 7 years, offered in the Mexican market. See "Indebtedness—Long Term Bond Offering."
- On January 18, 2022, we entered into a share purchase agreement to acquire 100% of JAFRA's operations in Mexico and the United States. The transaction was consummated on April 7, 2022. See "—Presentation of Financial Information—The JAFRA Acquisition—Organizational Structure." JAFRA is a leading global brand in direct sales in the beauty and personal care (B&PC) industry with a strong presence in Mexico and the United States founded in 1956.

- During 2023, the Group decreased long-term debt by approximately Ps.1,000,000 compared to 2022, through the following movements (See “Indebtedness” for additional information”):
 - a) On July 5, 2023, Betterware signed an agreement with BBVA to acquire a simple line of credit for Ps.1,500,000.
 - b) On July 7, 2023, Betterware successfully concluded the third and fourth bond offerings for a total of Ps.813,974, with four and seven-year maturities, issued in the Mexican market.
 - c) As of July 10, 2023, Betterware fully prepaid the debt of the syndicated loan related to the JAFRA Acquisition in 2022, using the new cash provided from the long-term debt with BBVA and the third and fourth bond issuances, plus the proceeds from short-term debt under revolving credit lines.
 - d) On September 12, 2023, Betterware signed an agreement with HSBC to acquire a simple line of credit for Ps.950,000.
- On April 16, 2024, the Group officially launched Betterware USA, locating the headquarters in Dallas, Texas and going live with a website with its initial focus on the U.S.’s large and rapidly growing Hispanic market, starting with Texas.

B. BUSINESS OVERVIEW

We are a leading company in the direct sales industry, offering a product portfolio divided into two segments:

- Home organization segment (BWM) comprised of seven different categories: kitchen and food preservation, home solutions, bathroom, laundry & cleaning, tech and mobility, bedroom and wellness. For the year 2024, this segment represented 42.5% of our net revenue on a consolidated basis.
- Beauty and personal care (B&PC) segment (JAFRA) comprised of four main categories: fragrance, color, skin care and toiletries. For the year 2024, this segment represented 57.5% of our net revenue on a consolidated basis.

Home Organization Segment (BWM):

Betterware is a leading direct-to-customer company in Mexico. Our home organization segment is focused on creating innovative products that solve specific needs regarding organization, practicality, space-saving and hygiene within the household, with a wide product portfolio including home solutions, kitchen and food preservation, technology and mobility, bedroom, bathroom, laundry and cleaning, well-being and other categories that include products and solutions for every corner of the household.

Our home organization segment’s products are sold through monthly catalogues published throughout the year where we exhibit approximately 387 products per catalogue. During 2024, BWM launched 611 new products (compared to 678 during 2023), with a balance of 515 new developments (compared to 506 during 2023) and 96 bring-backs (compared to 172 during 2023). During 2024, BWM increased innovation in order to promote sales by focusing on market trends and to attract and maintain a diverse customer base. We added to our catalogs trend products related to babies, pets and wellness, among others. In 2024 our products included more than 4,643 SKUs (product codes) throughout the year (achieving a 8.6% growth compared to 4,277 during 2023). All of our home organization’s products are branded with unique characteristics and manufactured by more than 350 certified manufactures in China and México, and then delivered to BWM’s warehouse in Guadalajara, Jalisco where we process and pack the products.

We sell our home organization segment's products through a unique two-tier sales model. As of December 31, 2024, more than 42,608 distributors and 674,654 associates across Mexico, who have approximately 22% household penetration in Mexico; and 75.5% of distributors and 26.7% of associates place orders every week. Our distributors and associates are monitored tightly through an in-house developed business intelligence platform that tracks weekly performance and has a detailed mapping system of the country to identify potential areas to penetrate and increase our network.

Our home organization segment business model is tailored to Mexico's unique geographic, demographic and economic dynamics, where communities are small and scattered across the country, with very low retail penetration and difficult to fulfill last mile logistics. Additionally, our business model is resilient to economic downturns and seasonal fluctuations given low average sales price to consumers.

We have a zero last mile cost, because our distributors and associates deliver our products to final consumers, which means that our state-of-the-art infrastructure allows us to safely deliver products to every part of the country in a timely and efficient manner. Our infrastructure is backed by the strategic location of our distribution center in Jalisco, Mexico.

Supported by our top-notch product innovation, business intelligence and technology units, which provide daily monitoring of key metrics and product intelligence, our home organization product segment has been able to achieve sustainable double-digit growth rates by successfully expanding our household penetration.

Beauty and Personal Care Segment (JAFRA)

Our beauty and personal care segment has a portfolio of more than 950 products within four main categories: fragrances, color, skin care and toiletries. JAFRA has been leader in the fragrance market since 2015. In 2024, our beauty and personal care segment's products were sold through 12 promotional catalogues published on a monthly basis offering 400 products in average per catalogue, as well as a brochure with annually available products at regular price. JAFRA develops approximately 200 new products in average for all categories every year.

Almost all of our beauty and personal care segment's products are produced in our facility located in Queretaro, México and distributed across Mexico and in some cities of the United States through our distribution center located in Lerma, Mexico. Our beauty and personal care segment's products are sold through a generational multilevel model, reaching penetration in sales of 13% in fragrances, 3.5% in color and 1.1% in skin care in México in 2024.

Industry Overview

We operate under "Direct selling" retail industry. The direct selling industry differs from broader retail mainly in the avenue where entrepreneurial-minded individuals can work independently to build a business with low start-up and overhead costs.

Our direct selling representatives, distributors, leaders and consultants, are not employees of the Company and work on their own, retaining their freedom to run a business and have other sources of income.

Our independent distributors, leaders and consultants earn sales commissions as freelancers. They set their own hours, create their own marketing plans, determine whether to build a sales team and how to mentor those within it and how to serve their customers.

Competitive Strengths

Unique Business Intelligence and Data Analytics Unit

Our in-house business intelligence unit plays a crucial role within the operations and strategy of the Company. The unit's team is comprised of geographers, anthropologists, actuaries, among others, in order to diversify the way of thinking and create the best analyses and business strategies.

The main functions of the business intelligence unit are:

1. Clear strategy development;
2. Tight monitoring; and
3. Product intelligence.

Product Development and Innovation Program

- We offer a product portfolio with great depth in:
 - Ø the home organization segment through seven different categories: kitchen and food preservation, home solutions, bathroom, laundry & cleaning, tech and mobility, bedroom, and well-being.
 - Ø the beauty and personal care segment through four different categories: fragrances, color, skin care and toiletries.
- We update our catalogues content and focus on constant product innovation and incentive plans in order to attract clients' repeated purchases.
- We perform industry analyses and product development and monitoring to support and decide our commercial strategy.

Distributors, Associates, Leaders and Consultants Network & Loyalty and Reward Programs

- Our home organization segment has a unique two-tier sales model and one of the most robust networks with more than 42,608 distributors and 674,654 associates as of December 31, 2024.
- Our home organization segment's distributors and associates have approximately 22% household penetration in Mexico and 75.5% of distributors and 26.7% of associates place orders every week.
- Our beauty and personal care segment has a multilevel program, with 10 levels of seniority determined by the amount of sales and consultants they have, offering attractive benefits and incentives. As of December 31, 2024, we had a network of more than 20,731 leaders and 505,804 consultants.
- Our beauty and personal care segment has one of the biggest distribution networks of leaders and consultants in Mexico reaching more than 9,600 cities. Also, 94% of leaders and 52% of consultants place orders on a monthly basis.
- We have a rewards program intended to attract, retain, and motivate distributors, associates, leaders and consultants through product discounts, points, trips, gifts and more.

Unparalleled Logistics and Supply Chain Platform

Our home organization segment's products are manufactured by more than 350 third-party certified factories located in China and Mexico following BWM's quality standards. 87.7% of our beauty and personal care segment's products are internally manufactured in our facility located in Queretaro, Mexico.

Experienced Management & Meritocratic Culture

- Our Board Chairman, Mr. Luis Campos, has more than 30 years of experience in the direct-to-consumer selling sector across the Americas and a strong track record of delivering value to its shareholders with commitment to excellence.
- Top management has worked at the Company, in average, seven years.
- Our culture is based on the following principles:
 1. Result driven management:
 - Incentives based on results; and
 - Highly professional operation and no bureaucracy.
 2. Meritocratic culture:
 - Culture focused on solutions, delivery, discipline and commitment.
 3. Closeness to salesforce:
 - Management is close and visible to distributors, associates, leaders and consultants; and
 - Open office spaces for efficient flow of information and data allows fast decision making.

Expansion Strategy

We have a plan for growth, which includes organic and inorganic initiatives. The main strategies divided by timeline are the following:

- Short Term
 1. New product categories;
 2. Web marketing/E-commerce; and
 3. Increase service capacity.
- Medium Term
 1. New product lines;
 2. International expansion to North America and Latin America; and
 3. Strategic business acquisitions.

Customers

- We are 100% committed to providing products to our customers that serve as everyday solutions for modern space organization and beauty and personal care for all kind of clients. We also have the objective of providing products that are accessible to anyone.
- Most of our end customers are adult men and women with the desire of optimizing their homes organization and care about beauty and personal care.

Sales & Marketing

- Our main advertising expenditures are sales catalog design and printing expenses, particularly with respect to our catalogues that are delivered to our distributors, associates, leaders and consultants who then distribute them to customers. As of December 31, 2024, sales and marketing expenses represented 3.0% of our net revenue. In addition, another advertising costs includes videos, radio and tv spots, social media, promotional campaigns, marketing campaigns, billboards and transit advertising in bus lines and subways and events, which as of December 31, 2024, represented 2.7% of our net revenue.

Seasonality

We have not experienced and do not expect to experience, any material seasonal fluctuations which could affect our business and results of operations.

Environmental, Social and Governance (ESG)

Contribution to the SDG

At Betterware, we are committed to the Sustainable Development Goals (SDGs) set by the UN, incorporating 8 of these goals into our strategic operations, aligning our business growth with sustainability and social well-being. This integration reflects our responsibility to contribute to a more equitable and sustainable future for all.



Stakeholder Groups

At Betterware, we identify seven main Stakeholder Groups: (i) associates, (ii) distributors, (iii) final customers, (iv) collaborators, (v) investors, (vi) suppliers and (vii) community, that may be affected by our business commercial practices, as well as by the environmental and social impacts of our organization. These groups are fundamental to our operations and represent key allies on the path to the company's success.

3 Pillar Strategy 2023-2026

We have adopted a sustainable development strategy based on three key pillars known as the 3P Strategy: People, Planet, Profit for the period 2023-2026. This strategy is designed to ensure balanced and responsible growth, prioritizing three key areas: the well-being of people, the preservation of the environment, and the generation of economic benefits.

The 3P Strategy reinforces our commitment to sustainable development, ensuring that our operations are not only profitable but also responsible and beneficial for society and the environment. In this way, we aim to create a positive impact in the communities where we operate while working towards a more sustainable future.



These three pillars encompass our short and mid-term vision regarding what we are striving to accomplish not only as a Group, but also in our commitment towards the UN Sustainable Development Goals.

Planet: We are committed to preserving the environment and to compensating for the carbon footprint that our activities have on the environment. We are aware of the urgent water and climate-change crisis that our world is going through, and we believe that awareness and education are key to shifting this crisis. Therefore, our main efforts will focus on creating conscience on our employees and sales force on how each one of us can take action and contribute to assume responsibility of the impact we generate on the environment.

Our key goals include:

- Measurement of our carbon footprint (scope 1 and 2)

- Investment in solar panels
- Nation-wide recycling campaign
- Printing reduction goals
- Reforestation of more than a thousand species in two states in Mexico
- Education on water conservation, circular economy, climate change and upcycling for our employees and sales force.

“Planet” Pillar Results”

Waste Management: we are committed to implementing comprehensive solutions for waste management, with the goal of reducing our impact on the environment.

2023

- Ø We generated a total of 3,442 tons of waste, of which 50.29% was recovered through recycling, amounting to 1,731 tons.
- Ø Among our main recycled materials is cardboard, with a total of 1,711 tons recovered in 2023. Thanks to our collaboration with Smurfit, we have achieved a recycling rate of 100% in the management of cardboard boxes.
- Ø Additionally, we hold FSC (Forest Stewardship Council) and/or Monarca certification, which validates our comprehensive recycling process both internally and externally.
- Ø Furthermore, we have EFC (Program for Endorsement of Forest Certification) certification, which guarantees that the paper used for printing our catalogs comes exclusively from sustainably managed forests, thus contributing to the preservation of biodiversity.

2024

- Ø In 2024, we generated a total of 2,835 tons of waste, representing an 18% reduction in waste generation compared to 2023.
- Ø 64.44% was recovered through recycling, equivalent to 1,827 tons.
- Ø The materials destined for recycling are cardboard (1,811 tons) and low-density polyethylene (16 tons).

Strategies in 2025

- Ø By 2025, strategies are being proposed to reduce the impact of waste generation, reaching the end customer, where waste from shipped products can be recovered.

Materials recycled in 2024

- Ø 100% recycled cardboard for order packaging.
- Ø PEFC-certified catalog (Sustainably Managed Forests from Controlled Sources), 44 million catalogs shipped in 2024.
- Ø Recycled bags are sent to distributors for product delivery to the end customer; more than 2 million bags shipped in 2024.
- Ø Reuse master packaging to fill order boxes, replacing plastic pads.
- Ø Master packaging boxes are 100% recycled for the final order packaging box.

Carbon Footprint

2023

- Ø In 2023 we started a detailed record of our energy consumption, which allowed us to identify and implement effective solutions to reduce that consumption and implement strategies to measure our CO2 footprint scopes 1 and 2.

2024 first year of measurement of:

- Ø Direct energy (Scope 1) greenhouse gas emissions: Direct emissions generated in 2024 are 17.16 tons of CO2, which include the fuel used for our emergency plants, fire pumps, and garden cleaning and pruning machinery.
- Ø Indirect (Scope 2) greenhouse gas emissions: Indirect emissions generated in 2024 are 1,292.3 tons of CO2, which includes electricity consumption.

Monitoring in 2025

- Ø Indirect (Scope 3) greenhouse gas emissions: Monitoring of transporters, employees, sales staff.
- Ø Reduction of greenhouse gas emissions: The benchmark will be established for 2025.

Energy

2023

- Ø Currently, all our facilities use exclusively LED light bulbs, a transition that has allowed us to make significant progress in reducing energy consumption and, therefore, in mitigating our carbon footprint.
- Ø Our energy consumption was 2,607,440 kw, representing a 6.8% increase compared to 2022. This increase is due to the operational transition from manual picking lines to automated lines in a 4-level tower.
- Ø We invest in 300 solar panels, which are expected to reduce our energy consumption by between 10% and 13%.

2024

- Ø The supply tower's operation stabilized at 90% efficiency, yet our energy consumption was 2,621,824 kW, representing only a 1% increase compared to 2023.
- Ø In the last quarter of 2024, solar panels were installed. From October to December, we generated 59,824 kW, representing a 13% reduction in energy consumption compared to the last quarter of 2023.

Water

2023

- Ø We have made progress in the management of water resources through the installation of a treatment plant and a rainwater harvesting system. These initiatives have allowed for a considerable reduction in our water consumption and more efficient use of resources.
- Ø We have a well for water extraction, and the reported consumption for 2023 was 17,909 m³, representing a 2% decrease compared to 2022.
- Ø At the end of the year, we started using treated water for irrigation of the green areas at the Campus BWM, which promoted water reuse and contributed to an additional reduction in our consumption.

2024

- Ø The project to reuse treated water from our treatment plant for irrigating green areas was completed, allowing for a significant reduction in wastewater waste.

- Ø In 2024, 1,740 m3 of treated water was reused for irrigation of green areas, which contributed to a reduction in wastewater waste compared to 2023.
- Ø We have a well for water extraction, and reported consumption for 2024 was 17,973 m3, which represents an increase of 0.04% compared to 2023.

Strategies in 2025

- Ø For 2025, we are working on implementing actions to reduce water consumption by between 2 and 3%.

Climate Change

- Ø As part of our commitment to mitigating climate change, every year we have carried out reforestation days at the Bosque de la Primavera. Additionally, we have planted over 55,000 plants, including endemic species, fruit trees, and a garden at our BW Campus. These actions reflect our effort to restore the environment and promote biodiversity in the region.

Biodiversity

- Ø In our operations, we reaffirm our commitment to environmental preservation. For this reason, we refrain from operating in protected areas and in zones of high biodiversity value, ensuring that our activities, products, and services do not generate significant impacts on these ecosystems.
- Ø Additionally, we do not work with species listed on the IUCN Red List (International Union for Conservation of Nature) or on national conservation lists in areas affected by our operations.

Design and Development of Eco-Friendly Products

- Ø We are an innovative company dedicated to continuously improving the functionality and quality of our products. In this regard, we have designed and developed the “B Better” product line, which incorporates materials made from recycled or recyclable inputs, thus promoting the elimination of single-use plastics.
- Ø Additionally, we have created the “Better-Klin” line of cleaners, which consists of concentrated cleaning capsules that dissolve in water, allowing for effective cleaning of any surface in the home.

Environmental Education

- Ø We implement training activities aimed at our collaborators, focused on the care and preservation of the environment. Our goal is to raise awareness among all members of the Betterware family about the impact each of us has on our surroundings. We believe that through education and awareness, we can encourage sustainable practices that benefit our community and the planet.

Evaluation of the health and safety impacts of product and service categories

- Ø Based on the legal compliance applicable to the organization, we have 24 standards from the Ministry of Labor and Social Welfare, with a 92% compliance rate in 2024.
- Ø By 2025, we plan to be certified as a safe company through the Occupational Health and Safety Self-Management Program.

People: At Betterware, we work for and on behalf of our people. The well-being of individuals and their potential for development have always been the center of our strategy and business model. We firmly believe that by investing in the growth and satisfaction of our collaborators, we strengthen not only our company but also the communities we serve.

Additionally, we care for the wellbeing of all our workforce with excellent working conditions that promote the integrity of our employees prioritizing their physical, emotional, and mental health.

Our goals include:

- The re-launch of our Non-Profit organization
- Social projects that will benefit our neighbor communities
- Strategic alliances with other non-profit organizations that will increase our impact.

“People” Pillar Results

Regarding diversity, we promote gender balance, with 47% women and 53% men, achieving a gender pay gap of less than 1%. These figures reflect our commitment to inclusion and equity in the workplace.

Parental Policy

- Ø We offer a parental leave policy that exceeds legal requirements, granting mothers 84 days and fathers 5 working days. This policy provides valuable opportunities for our collaborators to nurture and care for their families, reflecting our commitment to family well-being and work-life balance.

Value Chain

- Ø Betterware begins its value chain with a solid investment in research and development, allowing us to precisely identify market trends and needs. Thanks to our specialized teams, we can anticipate consumer demands and create innovative products that meet these needs. Once opportunities in the market are identified, we focus on the strategic acquisition of high-quality materials. We carefully select our suppliers to ensure that the materials used in our products meet the highest standards. Moreover, optimizing our operational and logistics processes is essential to guarantee the consistency and superior quality of our products. At Betterware, we are committed to providing excellent customer service, which has led us to develop a robust logistics system that ensures efficiency in order management and product delivery to both distributors and end customers.
- Ø We continue working on sourcing suppliers who contribute to environmental stewardship. Additionally, we are working to implement in a short time that our product labels and instructions include specific measures to safeguard the environment.

Occupational Health and Safety

- Ø At Betterware, we prioritize the well-being of our collaborators through continuous training in accident prevention, health, and workplace safety. We organize preventive medicine days, which include mammograms, visual check-ups, and vaccination campaigns, with the aim of keeping our team's health in optimal condition.
- Ø Our Occupational Health and Safety Policy (POSI01) establishes a framework for the application of occupational health standards, industrial safety, and environmental practices, ensuring that they are sufficient and consistent throughout the organization.
- Ø We are committed to maintaining continuous improvement in our processes, guaranteeing a safe and healthy work environment for everyone.
- Ø We conduct risk assessments by job position and establish control measures to mitigate those risks periodically and permanently. These assessments are updated every two years or when there are changes in job activities or upon acquiring new machinery and equipment (such as conveyors, forklifts, compactors, stretch wrappers, tapers, etc.).

- Ø Additionally, we offer occupational health services through the Emotional Assistance Program (PAE), which provides support 24 hours a day, 365 days a year, for our collaborators and their families.

Our health management system includes social security, major and minor medical expense insurance, discounts at laboratories and medical consultations, as well as a medical clinic at the BW Campus.

- Ø Finally, we have a Health and Safety Commission composed of union members and collaborators, which works to strengthen our safety and health practices.

Compensation, Benefits, and Perks Policy

- Ø Each organizational level at Betterware is associated with a specific set of competencies and skills required to perform the corresponding functions. This structure is designed to promote operational efficiency and ensure effective management of human resources.
- Ø The salary scale is a key tool in our compensation policy. This scale defines salary bands for each position within the organization, based on a thorough market analysis and internal job evaluation. In this way, we ensure that our compensation is competitive and fair, which contributes to the retention and motivation of talent.
- Ø Additionally, we offer a benefits package that includes major and minor medical expense insurance, life insurance, a savings fund, flexible days and hours, as well as training and development programs. We also have discount programs at restaurants, gyms, laboratories, schools, and entertainment centers, all aimed at improving the quality of life for our collaborators.

Work Environment

- Ø We deeply value the satisfaction of our collaborators in their work environment. Every year we conduct a workplace climate survey, that provides us with valuable insights for continually improving our organizational culture.
- Ø To strengthen the skills of our collaborators and promote their growth, we have implemented the Betterware Comprehensive Leadership Program. This initiative promotes professional and personal development, contributing to a strong organizational culture aligned with our values.

Workplace Well-being

- Ø The Betterware Campus offers a wide range of amenities designed to promote the well-being of our collaborators, including cafeteria service, laundry, beauty salon, medical care, daycare, mini-supermarket, nutritional counseling, gym, sports fields, and spaces for reading and meditation.
- Ø Additionally, we organize activities that foster a sports culture, such as the Betterware Race, soccer tournaments, and hiking excursions.
- Ø To facilitate the mobility of our collaborators, we provide transportation, support for gasoline expenses, and preferential parking for those who carpool.
- Ø Furthermore, 100% of our employees benefit from regular performance reviews and professional development through evaluations that include constructive feedback.

Community: We contribute positively to the development of our community through the following actions:

- Ø Product Donations: We provide product donations to various civil society organizations in Jalisco.
- Ø Infrastructure Investments: We have donated a sports field, public lighting, and an ambulance to the Municipality of El Arenal, Jalisco.
- Ø Educational Support: We collaborate with Industrial Design students through our annual DesignLab call for entries, which offers practical experience in our innovation laboratory.

Impact of the Betterware Foundation As part of our mission and operations at the Betterware Foundation, between 2021 and 2023, we invested in the construction and operation of a lemon packing facility in Istmo Norte, Oaxaca, in collaboration with the Anna Witsukj project. This packing facility began operations in August 2023, and thanks to the financial support from our foundation, we have achieved the following results:

- Ø Lemon Processing: A total of 801 tons of lemons were processed from 354 producers in 30 communities in the area.
- Ø Job Creation: We created 22 formal jobs for local people, with an average net salary of Ps.11 thousand of Mexican pesos per month, which is 56% above the minimum wage in 2023.
- Ø Price Improvement: From September to December 2023, producers were paid an average price 1.48 times higher than for the same period the previous year.
- Ø Purchase Commitment: We guaranteed the purchase of the total production from the 354 producers throughout the year.
- Ø Agroecology Training: We trained 50 producers as agroecology technicians, improving the productivity of their orchards by 26%, increasing from 9.12 tons/ha in 2021 to 11.5 tons/ha in 2023. This had a direct impact on their sales and the economy of their families.
- Ø At the beginning of 2025, our foundation was relaunched as Fundación BeFra, with the aim of benefiting all members of the families that make up our group, offering support in areas such as education, health, and housing. Each year the Group makes donations to our foundation in compliance with legal and tax authorities.

Profit: We are fully committed to a responsible, transparent, and ethical growth of our business. We implement strong policies and procedures that allow us to provide clear and effective accountability to all our Stakeholder Groups.

Our governance goals include:

- Communication of our new code of ethics
- Gender equality across all levels of our group
- Long-term ESG goals
- JAFRA's recognition that its impact on the environment and society is material to its financial performance.

Pillar Profit Results

Reporting Line

- Ø We have an accessible reporting line for all our collaborators, promoted through various internal platforms such as the intranet, signage on the Campus, and during induction training. Additionally, in our weekly newsletter, we share infographics that provide suggestions and details about the anonymous reporting process, fostering a culture of open and responsible communication.

Double Materiality Study

- Ø We conducted a double materiality analysis in accordance with GRI and SASB standards. This study strengthens our sustainability strategy in the 3Ps, allowing us to generate a positive impact and align our business operations with these objectives.

Disclosure of ESG Information

- Ø Since 2022, we have shared information about ESG (Environmental, Social, and Governance) with our investors. This effort allows us to comprehensively communicate our actions at Betterware, and it is not limited solely to financial aspects.

Diversity and Inclusion in Governance.

- Ø Within our governance structure, we have promoted diversity and inclusion as fundamental pillars. Since last year, we have added three women to our Board of Directors, reflecting our commitment to equity and diverse representation in the strategic decision-making of the company.

Compliance

- Ø Our Internal Audit department ensures compliance with all applicable regulations and laws. The company must assess and comply with various regulations, including the Sarbanes-Oxley Act (SOX), due to our status as a company listed on the U.S. Stock Exchange.

Governing Body

- Ø The Board of Directors is chaired by Lic. Luis G. Campos Orozco. This Board is composed of a total of 11 members, of which 8 are independent directors who bring their valuable experience to the decision-making process for the growth and consolidation of the business.
- Ø Women occupy key positions within the Company, including managing director, independent board member, quality and development director, credit and collection director, international commercial director, national sales director, as well as a high number of managers from the different areas of the Company.
- Ø To reinforce our commitment to sustainability within the Board, the monitoring and compliance with the objectives of our strategy are directly overseen by the Chairman of the Board, as well as by the CEO of Grupo BeFra, Andrés Campos Chevallier.

Code of Ethics

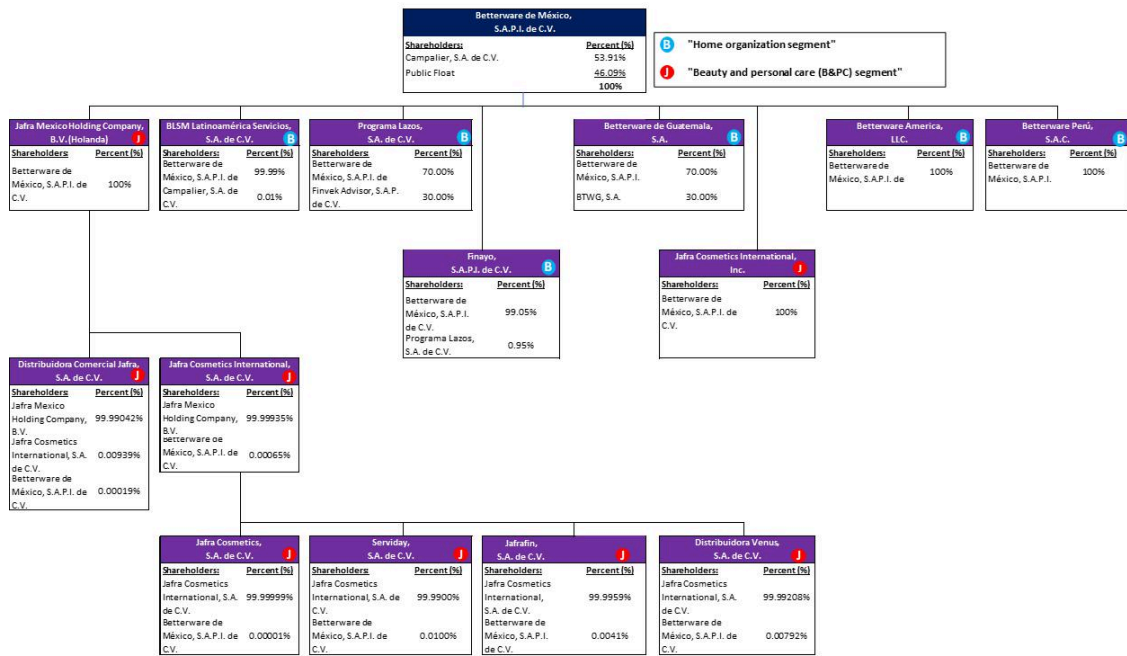
- Ø All Betterware collaborators must read and sign the Code of Ethics, committing to adhere to its principles and to avoid situations that may lead to conflicts of interest. During 2024, our code of ethics was strengthened, with the development of a Corporate Code of Ethics that includes all Group employees, including Betterware and its subsidiaries (Jafra, among others).

Anti-Corruption Practices Policy

- Ø This document, signed by management levels, establishes clear guidelines to prevent and address corrupt practices within the organization. By signing this policy, Betterware executives commit to maintaining the highest standards of integrity and transparency in all their operations, personal, customers, suppliers' data, among others.

C. ORGANIZATIONAL STRUCTURE

The following diagram depicts the organizational structure of the Group as of the date of this annual report:



D. PROPERTY, PLANT AND EQUIPMENT

We own the following properties in Mexico:

- BWM's principal executive offices are located in El Arenal, Jalisco, Mexico. We built this facility to concentrate our corporate offices, storage and distribution of our home organization segment activities. The facility was completed in 2023 and the total investment amounted to Ps.1,111 million.
- JAFRA's production facility was built in October 2008, and is located in Querétaro, Mexico. All of our beauty and personal care segment's products are produced in this facility. The total investment amounted to Ps.735 million.
- JAFRA's main corporate offices were located in Mexico City, Mexico until 2024. During 2024, these land and building, were sold (Las Flores and San Angel) and the last one was classified as an asset held for sale (O'Farril), as follows:

Sale Jafra's land and building:

- Ø The Group, through subsidiary (Distribuidora Venus, S.A. de C.V. (Jafra Mexico)) entered into two contracts for the sale of the "Las Flores" land and the "San Ángel" land and building in March and August 2024, respectively. The sales price for these transactions was Ps.402.2 million and as a result, the company recognized a loss in the income statement as other expenses of Ps.529.7 million

Of the sales price, Ps.156.5 million was collected; the remaining Ps.245.7 million will be collected semiannually without interest, maturing in 2027. In addition, a loss of Ps.34.1 million was recognized when determining the fair value of the long-term receivable.

Assets held for sale:

- Ø Jafra México classified the O'Farril as assets held for sale in accordance with the accounting policy "non-current assets held for sale." The Company recognized an impairment loss of Ps.166.6 million recognized in administrative expenses based on the use given to land.
- Ø At the end of fiscal year 2024, the Management committed to a plan to sell the O'Farril de Jafra México land (now an asset identified as available for sale) following a strategic review aligned with the Company's efforts to optimize its asset base. A promise of sale was signed on February 27, 2025, which includes a six-month extension for the potential buyer to notify the company of their intention to continue with the sale or not proceed with it. The transaction was valued at Ps.40 million which will be paid in two installments: the first payment of Ps.6 million upon signing the promise of sale agreement, and Ps.34 million upon execution of the public deed.

As of the date of this annual report, we do not have plans to build, expand or improve any new or existing facilities. We have not identified any environmental issues that may affect our assets.

ITEM 4A. UNRESOLVED SEC STAFF COMMENTS

We have no unresolved comments from the staff of the SEC with respect to its periodic reports under the Exchange Act.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Our discussion and analysis of our results of operations and financial condition are based upon our Audited Consolidated Financial Statements, which have been prepared in accordance with IFRS. Our operating and financial review and prospects should be read in conjunction with our Audited Consolidated Financial Statements, the accompanying notes thereto and other financial information appearing elsewhere in this annual report.

A. Operating Results

Factors Affecting Our Results of Operations of the Group

A number of factors have a significant impact on our business and results of operations, the most important of which are regulations, fluctuations in exchange rates in the currencies in which we operate, external factors and our capital investment plans.

Betterware's distributors and associates

BWM sells its products through a unique two-tier sales model that is comprised of distributors and associates. Distributors act as link between BWM and the associates. BWM distributes products in a weekly basis to distributors' domicile, who in turn deliver the products to the associates. BWM provides distributors a two-week credit line for them to pay BWM back the price for the products.

JAFRA's leaders and consultants

JAFRA sells its products through a multilevel program with 10 levels of leaders and consultants. Leaders and consultants are the link between JAFRA and final customers. JAFRA provides a 30-day credit line to leaders and consultants to pay JAFRA back for the price of the products.

Net Revenue

We generate revenue mainly through sale of products within two main segments:

- Ø Home organization segment, under the Betterware® brand. Some of the categories through which Betterware offers its product line include kitchen and food preservation, home solutions, bathroom, laundry & cleaning, tech and mobility, bedroom and wellness. BWM's products are sold through catalogues and are distributed to the end customer by its network of distributors and associates. BWM sells its products to a wide array of customers but focuses on the C and D segments of the Mexico's socioeconomic pyramid; and
- Ø Beauty and personal care (B&PC) segment, under JAFRA's brand. Our beauty and personal care segment include four main categories: fragrance, color, skin care and toiletries. JAFRA's products are sold through 12 promotional catalogues published on a monthly basis and are distributed to the end customer by its network of leaders and consultants. JAFRA offers monthly promotions focused on the "D" segment of the Mexico's socioeconomic pyramid.

For the year ended December 31, 2024, JAFRA contributed 57.5% of our consolidated net revenue and BWM contributed 42.5%.

We report net revenue, which represents its gross revenue less sales discounts, adjustments and allowances. We also have deferred revenue due to undelivered performance obligations related to the promotional points program as per IFRS 15 “*Revenue from Contracts with Customers*.” Deferred revenue relates to the accumulated points that distributors, associates, leaders and consultants have gained from their purchases and recruitment of new sales force. They can redeem these points for rewards (furniture, electronics, domestic appliances, among others). Revenue from the points program is recognized when points are actually redeemed and exchanged by distributors, associates, leaders and consultants.

Our revenue is recognized using a five-step model:

- Identify the contract with client (verbal or written).
- Identify the performance obligations committed in the contract.
- Consider the contractual terms and our business model in order to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties.
- Allocate the transaction price to the performance obligations identified in the contract (generally each distinct good or service), to depict the amount of consideration to which an entity expects to be entitled in exchange for transferring the promised goods or services to the customer.
- Recognize revenue when or as it satisfies a performance obligation by transferring a good or service to a customer, either at a point in time (when) or over time (as).

Cost of Sales

Our cost of sales consists of the purchase of raw materials, finished goods, air and maritime freight costs, land freight costs, customs costs, provisions for defective inventory, among others.

Selling Expenses

Our selling expenses include all costs related to the sale of products, such as printing and design of sales catalogues, packaging materials, events, marketing and advertising, promotional points program expenses, and employee compensation and social contributions. Costs related to sales catalog and rewards or points program products account for most of the weight of total selling expenses.

Administrative Expenses

Administrative expenses primarily include employees’ compensation, social contributions and associated expenses. Also, includes research and development, leases, professional services relating to our statutory corporate audit and tax advisory fees, legal fees, outsourcing fees relating to information technology, and corporate site and insurance costs.

Distribution Expenses

Distribution expenses include the cost to carry the products from distribution centers to the final distributors.

Financing Income (Cost)

Our financing income (cost) consists primarily of: (i) interest expense and charges in connection with financings, (ii) income derived from investments of excess cash, (iii) loss/gains from foreign exchange changes, and (iv) loss /gains in valuation of derivative financial instruments.

Income Taxes

We are subject to (i) a 30% income tax rate under Mexican Income Tax Law, (ii) 25% income tax rate under Guatemalan law, (iii) 21% income tax rate under U.S. law; and (iv) 29.5% income tax rate under Peruvian law. See “Taxation” section below for more information.

Fluctuations in Exchange Rates in the Currencies in which We Operate

Our primary foreign currency exposure gives rise to market risks associated with exchange rate movements of the, Mexican Peso against the U.S. dollar See “—Quantitative and Qualitative Disclosure about Market Risk—Exchange Rate Risk.”

Previously Issued Financial Statement Corrections for the Year 2023 and 2022

During the preparation of the Company’s consolidated financial statements as of and for the year ended December 31, 2024, management in conjunction with the external auditor (PwC) determined a restatement related to: (a) the correct recognition of the right-of-use asset and the lease liability for Jafra Mexico’s office leases; this adjustment was necessary to ensure that the leases were recognized in the correct period, impacting net income in the amount of Ps.10.2 million as of December 31, 2023, also the adjustment had implications in the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income in 2023, however, did not affect net revenue or EBITDA, and (b) the correct recognition of certain production-related labor and indirect manufacturing costs, which were incorrectly classified as administrative and distribution expenses instead of cost of goods sold, affecting the consolidated financial statement of profit or loss and other comprehensive income previously reported for the fiscal years 2023 and 2022. This misclassification impacted gross margin and was considered material, due to the amounts that has been reclassified (Ps.559.6 million in 2023 and Ps.404.5 million in 2022), however, it had no effect on net revenues, EBITDA or net income, Management concluded that the restatement with respect to the correct recognition of certain expenses as cost of goods sold was deemed to be material, on an individual and aggregate basis, to the Company’s previously reported consolidated financial statements as of and for the year ended December 31, 2023 and 2022 under the SEC’s Staff Accounting Bulletin No. 99, could not be corrected on an out-of-period basis in the 2024 financial statements because to do so would cause a material misstatement in those financial statements. Therefore, the Company referred to the guidance prescribed by the SEC’s Staff Accounting Bulletin No. 108 which specifies, among other things, that the errors must be corrected as a material restatement of the prior year financial statements the next time those financial statements are filed.

Accordingly, we made corrections of material errors for the year 2023 in our consolidated statement of financial position and for the years 2023 and 2022 in our consolidated statement of profit or loss and other comprehensive income. The Audited Financial Statements included in this annual report reflect the restatement. Below we provide a representation of the effects of these material corrections:

Consolidated Statement of Financial Position as of December 31, 2023
(In Thousands of Mexican pesos)

Assets	Adjusted	Previously Presented	Difference	Reference
Current assets:				
Prepaid expenses	\$ 77,468	79,115	(1,647)	a
Total current assets	<u>3,990,440</u>	<u>3,992,087</u>	<u>(1,647)</u>	
Non-current assets:				
Right-of-use assets, net	361,561	358,704	2,857	a
Deferred income tax	527,929	523,568	4,361	a
Total non-current assets	<u>7,103,271</u>	<u>7,096,053</u>	<u>7,218</u>	
Total assets	<u>\$ 11,093,711</u>	<u>11,088,140</u>	<u>5,571</u>	a
Liabilities and stockholders' equity				
Current liabilities:				
Lease liability	\$ 122,997	117,094	5,903	a
Total current liabilities	<u>\$ 3,832,138</u>	<u>3,826,235</u>	<u>5,903</u>	
Non-current liabilities:				
Lease liability	265,724	255,882	9,842	a
Total Non-current liabilities	<u>5,798,734</u>	<u>5,788,892</u>	<u>9,842</u>	
Total liabilities	<u>\$ 9,630,872</u>	<u>9,615,127</u>	<u>15,745</u>	a
Stockholder's equity				
Retained earnings	<u>\$ 1,178,724</u>	<u>1,188,898</u>	<u>(10,174)</u>	a
Equity attributable to owners of the Group	<u>1,464,472</u>	<u>1,474,646</u>	<u>(10,174)</u>	a
Total stockholders' equity	<u>1,462,839</u>	<u>1,473,013</u>	<u>(10,174)</u>	a
Total liabilities and stockholders' equity	<u>\$ 11,093,711</u>	<u>11,088,140</u>	<u>5,571</u>	a

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2023
(In Thousands of Mexican pesos)

	<u>Adjusted</u>	<u>Previously Presented</u>	<u>Difference</u>	<u>Reference</u>
Net revenue	\$ 13,009,507	13,009,507	-	
Cost of sales	<u>4,260,842</u>	<u>3,701,255</u>	<u>559,587</u>	b
Gross profit	<u>8,748,665</u>	<u>9,308,252</u>	<u>(559,587)</u>	b
Administrative expenses	2,367,280	2,908,945	(541,665)	a, b
Distribution expenses	<u>582,237</u>	<u>593,174</u>	<u>(10,937)</u>	b
	<u>6,409,884</u>	<u>6,962,486</u>	<u>(552,602)</u>	a, b
Operating income	<u>2,338,781</u>	<u>2,345,766</u>	<u>(6,985)</u>	a
Financing income (cost):				
Interest expense	<u>(827,812)</u>	<u>(820,262)</u>	<u>(7,550)</u>	a
	<u>(922,194)</u>	<u>(914,644)</u>	<u>(7,550)</u>	
Income before income taxes	1,416,587	1,431,122	(14,535)	a
Income taxes:				
Deferred income tax	<u>(265,498)</u>	<u>(261,137)</u>	<u>(4,361)</u>	a
	<u>380,023</u>	<u>384,384</u>	<u>(4,361)</u>	a
Net income for the year	<u>\$ 1,036,564</u>	<u>1,046,738</u>	<u>(10,174)</u>	a
Net income for the year attributable to:				
Owners of the Group	1,039,287	1,049,461	(10,174)	
Non-controlling interest	<u>(2,723)</u>	<u>(2,723)</u>	<u>-</u>	
	1,036,564	1,046,738	(10,174)	
Basic earnings per common share (pesos)	\$ 27.90	\$ 28.18	\$ (0.28)	c
Diluted earnings per common share (pesos)	<u>\$ 27.89</u>	<u>\$ 28.16</u>	<u>\$ (0.27)</u>	c

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2022
(In Thousands of Mexican pesos)

	<u>Adjusted</u>	<u>Previously Presented</u>	<u>Difference</u>	<u>Reference</u>
Net revenue	\$ 11,507,549	11,507,549	-	
Cost of sales	<u>3,983,571</u>	<u>3,579,093</u>	<u>404,478</u>	b
Gross profit	<u>7,523,978</u>	<u>7,928,456</u>	<u>(404,478)</u>	b
Administrative expenses	2,198,330	2,596,642	(398,312)	b
Distribution expenses	<u>467,350</u>	<u>473,516</u>	<u>(6,166)</u>	b
	<u>5,473,710</u>	<u>5,878,188</u>	<u>(404,478)</u>	b
Operating income	<u>2,028,406</u>	<u>2,028,406</u>	<u>-</u>	
Income before income taxes	1,386,884	1,386,884	-	
Net income for the year	<u>\$ 869,964</u>	<u>869,964</u>	<u>-</u>	

The adjustments relate to the following matters:

- (a) Restatement of the 2023 consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income, resulting from the adjustment for recognition of Jafra México's right-of-use and office lease liabilities in the correct period as of the May 1, 2023, transaction date.
- (b) Restatement of the consolidated statement of profit or loss and other comprehensive income for the years 2023 and 2022, resulting from the recognition in the cost of sales of direct labor expenses and the corresponding proportion of indirect variable and fixed costs, allocated based on normal operating capacity, which were erroneously classified in administrative and distribution expenses from Jafra Mexico segment. These reclassifications had no effect on inventory balances because the error was identified only in the correct presentation of expenses within cost of sales in the Consolidated statement of profit or loss and other comprehensive income.
- (c) Restatement of basic and diluted earnings per share in fiscal year 2023, derived from the lease adjustment mentioned in section a), where basic and diluted earnings suffered a decrease of Ps.0.28 and Ps.0.27 cents per share respectively.

Results of Operations — For the Year 2024 Compared to the Year 2023:

All amounts in this section marked with “Ps.” are in thousands of Mexican pesos unless otherwise noted

Net Revenue

	December 31, 2024	December 31, 2023	Var. \$	Var. %
The Group’s net revenue				
BWM	Ps. 5,991,834	5,726,608	265,226	4.6%
JAFRA	8,108,924	7,282,899	826,025	11.3%
Total net revenue	Ps. 14,100,758	13,009,507	1,091,251	8.4%

BWM:

Net revenue increased by 4.6%, or Ps.265,226, to Ps.5,991,834 for the year 2024 compared to Ps.5,726,608 for the year 2023, due to: (i) an increase in average price per unit by 11.9%, and (ii) the increase in sales orders by 11.4% from associates during the year 2024.

Distributors increased by 1.9% to 42,608 (compared to 41,825 in 2023), and associates decreased by 9.0% to 674,654 (compared to 741,170 in 2023). Despite the decrease in the number of associates, their average order increased due to the purchase of higher-priced products.

JAFRA:

Net revenue increased by 11.3%, or Ps.826,025, to Ps.8,108,924 for the year 2024 compared to Ps.7,282,899 for the year 2023. This increase resulted mainly from (i) the strong product innovation, (ii) a differentiated pricing strategy, (iii) an extensive re-design of Jafra Mexico’s catalog that was re-launched in October 2024; a revamped incentive program, and (iv) enhancement focused on ease of doing business. During the year ended December 31, 2024, leaders increased by 1.1% to 19,093 (compared to 18,719 in 2023), and consultants increased by 1.4% to 505,804 (compared to 498,853 in 2023), which resulted in a increase of the average monthly order of consultants by 9.6% and an increase of the average monthly order of leaders by 1.9%.

Cost of Sales

	December 31, 2024	Restated ⁽²⁾ December 31, 2023	Var. \$	Var. %
The Group’s cost of sales				
BWM	Ps. 2,569,082	2,443,229	125,853	5.2%
JAFRA ⁽¹⁾	1,951,141	1,817,613	133,528	7.3%
Total cost of sales	Ps. 4,520,223	4,260,842	259,381	6.1%

(1) JAFRA historically has had higher gross margins, because of manufacturing most of its products within Mexico and not having to bear international freight costs as does BWM.

(2) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b “Material accounting policies” in the Audited Consolidated Financial Statements).

BWM:

Cost of sales increased 5.2% or Ps.125,853, to Ps.2,569,082 for the year 2024 compared to Ps.2,443,229 for the year 2023 due to external pressures such as: (i) peso depreciation (-22.7%), (ii) changes in product import duties, which increased from 17.0% to 33.0% for approximately 144 SKUs, or 16.5% of total sales, (iii) surging freight costs from Ps.1,550 per container in February to almost Ps.6,000 in August, (a full-year average of Ps.3,100 per container), and (iv) an increase of inventory to offset supply chain disruptions. As a result of increased revenue, gross profit increased by 4.2% to Ps.3,422,752 for the year 2024, compared to Ps.3,283,379 for the year 2023. As a percentage of net revenue, cost of sales was 42.9% for the year 2024 and 42.7% for the year 2023.

JAFRA:

Cost of sales increased 7.3%, or Ps.133,528, to Ps.1,951,141 for the year 2024 compared to Ps.1,817,613 for the year 2023, as a result of increased revenue of 11.3%. Gross profit increased 12.7%, or Ps.692,497 to Ps.6,157,783 for the year 2024 compared to Ps.5,465,286 for the year 2023, due to: (i) re-design of Jafra Mexico's catalog with a favorable product mix, (ii) pricing strategy, and (iii) continued efficiency benefits from scale. As a percentage of net revenue, the cost of sales decreased 0.9% to 24.1% for the year 2024 compared to 25.0% for the year 2023, due mainly to (i) productivity improvements in manufacturing by Ps.22,564, (ii) lower raw material costs by Ps.36,801, and (iv) more favorable product mix by Ps.45,641.

Administrative Expenses

	December 31, 2024	Restated ⁽¹⁾ December 31, 2023	Var. \$	Var. %
The Group's administrative expenses				
BWM	Ps. 1,136,448	987,981	148,467	15.0%
JAFRA	1,566,428	1,379,299	187,129	13.6%
Total administrative expenses	Ps. 2,702,876	2,367,280	335,596	14.2%

(1) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b "Material accounting policies" in the Audited Consolidated Financial Statements).

Administrative expenses by item are as follows:

	December 31, 2024			Restated ⁽¹⁾ December 31, 2023			Var. \$			Var. %		
	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP
Operations	Ps. 664,852	743,291	1,408,143	549,070	631,881	1,180,951	115,782	111,410	227,192	21.1%	17.6%	19.2%
Depreciation	137,496	214,208	351,704	128,450	223,427	351,877	9,046	(9,219)	(173)	7.0%	(4.1)%	2.6%
Finance	125,793	130,902	256,695	115,906	146,669	262,575	9,887	(15,767)	(5,880)	8.5%	(10.8)%	(2.2)%
IT	82,967	150,010	232,977	82,853	193,733	276,586	114	(43,723)	(43,609)	0.1%	(22.6)%	(15.8)%
Marketing	47,298	132,670	179,968	46,557	111,107	157,664	741	21,563	22,304	1.6%	19.4%	14.1%
Impairment fixed assets	-	166,581	166,581	-	-	-	-	166,581	166,581	-%	100%	0.0%
Quality	27,921	-	27,921	23,767	-	23,767	4,154	-	4,154	17.5%	-%	17.5%
Others	50,121	28,766	78,887	41,378	72,482	113,860	8,743	(43,716)	(34,973)	21.1%	(60.3)%	(30.7)%
Total	Ps. 1,136,448	1,566,428	2,702,876	987,981	1,379,299	2,367,280	148,467	187,129	335,596	15.0%	13.6%	14.2%

(1) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b "Material accounting policies" in the Audited Consolidated Financial Statements).

BWM:

Administrative expenses increased 15.0%, or Ps.148,467, to Ps.1,136,448 for the year 2024 compared to Ps.987,981 for the year 2023, as a result of increased revenue, which resulted in: (i) an increase of 22.8% in wages paid to employees due to inflation, (ii) an increase of 123.0% in warehouse rent payments due to additional spaces as a result of an increase in inventory levels explained under Trend Information, (iii) an increase of 22.3% in impairment loss on trade account receivable due to additional cancellation of overdue customer portfolio with up to two unpaid orders, (iv) an increase of 7.0% in depreciation of fixed assets, and (v) an increase of 15.5% in fees compared to 2023 due to an increase in programs and others to incentive sales. As a percentage of net revenues, administrative expenses represented 19.0% and 17.3% for the 2024 and 2023 years, respectively.

JAFRA:

Administrative expenses increased 13.6%, or Ps.187,129, to Ps.1,566,428 for the year 2024 compared to Ps.1,379,299 for the year 2023, due to: (i) an increase of 16.5% in services fee payments, (ii) an increase of 8.5% in impairment loss on trade account receivable as a consequence of increase in net revenue, and (iii) impairment by Ps.166,581 of asset held for sale. As a percentage of net revenues, these expenses represented 19.3% and 18.9% for the years 2024 and 2023, respectively, due to operating leverage.

Selling Expenses

	December 31, 2024	December 31, 2023	Var. \$	Var. %
The Group's selling expenses				
BWM	Ps. 854,008	770,008	84,000	10.9%
JAFRA	3,143,909	2,690,359	453,550	16.9%
Total of selling expenses	Ps. 3,997,917	3,460,367	537,550	15.5%

The selling expenses major line items include:

	December 31, 2024			December 31, 2023			Var. \$			Var. %		
	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP
Reward program	Ps. 186,519	949,184	1,135,703	144,374	908,037	1,052,411	42,145	41,147	83,292	29.2%	4.5%	7.9%
Sales commission	-	1,464,455	1,464,455	-	1,271,953	1,271,953	-	192,502	192,502	-%	15.1%	15.1%
Sales catalogue	273,817	148,896	422,713	282,245	117,258	399,503	-8,428	31,638	23,210	(3.0)%	27.0%	5.8%
Sales bonuses and wages	190,576	190,932	381,508	157,821	136,178	293,999	32,755	54,754	87,509	20.8%	40.2%	29.8%
Events and conventions	60,232	294,129	354,361	48,449	197,529	245,978	11,783	96,600	108,383	24.3%	48.9%	44.1%
Others	142,864	96,313	239,177	137,119	59,404	196,523	5,745	36,909	42,654	4.2%	62.1%	21.7%
Total	Ps. 854,008	3,143,909	3,997,917	770,008	2,690,359	3,460,367	84,000	453,550	537,550	10.9%	16.9%	15.5%

BWM:

Selling expenses increased 10.9%, or Ps.84,000, to Ps.854,008 for the year 2024 compared to Ps.770,008 for the year 2023, due to: (i) an increase of 29.2% in incentive programs and promotions, (ii) an increase of 20.8% in sales bonuses and wages to hire new staff to promote sales, and (iii) an increase in events and conventions expenses. These actions were implemented in order to promote growth in the associate and distributors base and therefore increase sales. BWM's selling expenses were 14.3% of net revenue for the year 2024 compared to 13.4% of net revenue for the year 2023.

JAFRA:

Selling expenses increased 16.9%, or Ps.453,550, to Ps.3,143,909 for the year 2024 compared to Ps.2,690,359 for the year 2023, due to (i) an increase of 27% due to a 50.7% increase in catalog printing from 475 thousand to 716 thousand units, (ii) an increase of 40.2% in sales bonuses and wages to hire new staff to promote sales, (iii) an increase of 48.9% in events and conventions to incentivize our sales program, and (iv) an increase of 134.1% in packing materials in Jafra US, due to an increase in box consumption from 1.3 to 1.7 boxes per order, in addition to a higher consumption of bubble wrap from 1ft to 3ft per box to protect the product and reduce the orders returned. Similar to Betterware, Jafra implemented the previous actions in order to promote growth in the leaders and consultants base and therefore increase sales. Jafra's selling expenses were 38.8% of the net revenue for the year 2024 compared to 36.9% for the year 2023.

Distribution Expenses

	December 31, 2024	Restated ⁽¹⁾ December 31, 2023	Var. \$	Var. %
The Group's distribution expenses				
BWM	Ps. 273,254	219,339	53,915	24.6%
JAFRA	390,558	362,898	27,660	7.6%
Total of distribution expenses	Ps. 663,812	582,237	81,575	14.0%

(1) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b "Material accounting policies" in the Audited Consolidated Financial Statements).

BWM:

Distribution expenses increased 24.6%, or Ps.53,915, to Ps.273,254 for the year 2024 compared to Ps.219,339 for the year 2023. This increase was a result of a 4.6% increase in revenue and an increase of 6.8% in prices of freight costs agreed with our carriers during 2024.

JAFRA:

Distribution expenses increased 7.6%, or Ps.27,660, to Ps.390,558 for the year 2024 compared to Ps.362,898 for the year 2023, as a result of an increase in net revenue of 11.3%.

Financing Income (Cost)

	December 31, 2024			Restated ⁽¹⁾ December 31, 2023			Var. \$			Var. %		
	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP
Financing income (cost)												
Interest expense ⁽²⁾	Ps. (605,617)	(34,088)	(639,705)	(794,231)	(33,581)	(827,812)	188,614	(507)	188,107	(23.7)%	1.5%	(22.7)%
Interest income	10,956	11,862	22,818	10,033	35,023	45,056	923	(23,161)	(22,238)	9.2%	-66.1%	(49.4)%
Unrealized gain (loss) in valuation of financial derivative instruments ⁽³⁾	156,766	-	156,766	(32,591)	-	(32,591)	189,357	-	189,357	(581.0)%	-%	(581.0)%
Foreign exchange gain ⁽⁴⁾	281,470	48,779	330,249	230,536	36,827	267,363	50,934	11,952	62,886	22.1%	32.5%	23.5%
Foreign exchange loss ⁽⁴⁾	(322,262)	(53,292)	(375,554)	(340,645)	(33,565)	(374,210)	18,383	(19,727)	(1,344)	(5.4)%	58.8%	0.4%
Total	Ps. (478,687)	(26,739)	(505,426)	(926,898)	4,704	(922,194)	448,211	(31,443)	416,768	(48.4)%	(668.4)%	(45.2)%

(1) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b “Material accounting policies” in the Audited Consolidated Financial Statements).

GROUP:

- (2) Interest expense decreased 22.7% or Ps.188,107 to Ps.639,705 in 2024 as compared to Ps.827,812 in 2023, mainly due to the repayment and cancellation of BWM’s Syndicated Credit line in July 2023, which represented 43.1% of the Group interest expense total in 2023 (See “—Liquidity and Capital Resources—Indebtedness”).
- (3) To reduce the risks related to fluctuations in the exchange rate of the US dollar, we use derivative financial instruments such as forward contracts to mitigate foreign currency exposure resulting from inventory purchases made in US dollars. As of December 31, 2024, Betterware had US\$57,400 of forward contracts, with an average exchange rate of Ps.19.21 compared to US\$97,260 of forward contracts as of December 31, 2023, with an average exchange rate of Ps.17.96. The difference between the average exchange rate of the forward contracts and the real average exchange rate of Ps.18.31 and Ps.17.74 in each year resulted in unrealized gain of Ps.156,766 in 2024 and unrealized loss of Ps.32,591 in 2023.
- (4) Our exposure to currency exchange rate fluctuations and how we mitigate this risk is described in the section entitled “Risk Factors—Risks Related to Mexico”. The realized loss in valuation of financial derivative instruments was Ps.159,952 as of December 31, 2023 and realized gain was Ps.49,041 as of December 31, 2024, as resulted in a foreign exchange due to the difference between the agreed exchange rate and exchange rate used to pay the forward contracts.

Income Tax Expense

	December 31, 2024			Restated ⁽¹⁾ December 31, 2023			Var. \$			Var. %		
	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP
Income tax expense												
Current	Ps. 199,186	553,380	752,566	282,187	363,334	645,521	(83,001)	190,046	107,045	(29.4)%	52.3%	16.6%
Deferred	37,120	(320,426)	(283,306)	(141,425)	(124,073)	(265,498)	178,545	(196,353)	(17,808)	(126.2)%	158.3%	6.7%
Total	Ps. 236,306	232,954	469,260	140,762	239,261	380,023	95,544	(6,307)	89,237	67.9%	(2.6)%	23.5%

(1) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b “Material accounting policies” in the Audited Consolidated Financial Statements).

BWM:

Income taxes increased 67.9% or Ps.95,544 to Ps.236,306 for the year 2024 compared to Ps.140,762 for the year 2023, due to in 2023, the interest expense had a limitation for deduction in the same year for Ps.336,622, resulting in a deferred income of Ps.100,987, which was applied in 2024.

JAFRA:

Income taxes decreased 2.6% or Ps.6,307 to Ps.232,954 for the year 2024 compared to Ps.239,261 for the year 2023, as a result of the deferred income tax due to the asset sale effect of Ps. 282 million which offset the increase in tax due to higher pre-tax profits of 52.3% in Jafra Mexico during the year 2024 as compared to the year 2023 (See “—Item 4 “D”—Property, Plant and Equipment”).

GROUP:

The Group’s effective income tax rate was 40% in 2024 and 27% in 2023. The difference is due principally to Jafra’s building and land disposals (See “—Item 4 “D”—Property, Plant and Equipment”).

Reconciliation of Non-IFRS Measures

Non-IFRS Financial Measures

We define “EBITDA” as profit for the year adding back the depreciation of property, plant and equipment and right of use assets, amortization of intangible assets, financing cost, net and total income taxes. EBITDA is not a measure required or presented in accordance with IFRS. The use of EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We believe that this non-IFRS financial measure is useful to investors because (i) we use this measure to analyze our financial results internally and believe they represent a measure of operating profitability and (ii) this measure will serve investors to understand and evaluate our EBITDA and provide more tools for their analysis as it makes our result comparable to industry peers that also prepare this measure.

We define “adjusted EBITDA” as same ratio but with certain adjustments. Adjusted EBITDA is differentiated by the elimination of non-concurrent transactions and events from earnings before interest, taxes, depreciation, and amortization.

EBITDA and Adjusted EBITDA Reconciliation to Net Income/(Loss) from Continuing Operations

	December 31, 2024			December 31, 2023			Var. \$			Var. %		
				JAFRA								
In thousands of Mexican pesos	BWM	JAFRA	GROUP	BWM	Restated ⁽²⁾	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP
Net income for the year	Ps. 146,235	565,287	711,522	90,847	945,717	1,036,564	55,388	(380,430)	(325,042)	61.0%	(40.2)%	(31.4)%
Add: Total income taxes	236,306	232,954	469,260	140,762	239,261	380,023	95,544	(6,307)	89,237	67.9%	(2.6)%	23.5%
Add: Financing cost, net ⁽¹⁾	776,501	(271,075)	505,426	1,074,442	(152,248)	922,194	(297,941)	(118,827)	(416,768)	(27.7)%	78.0%	(45.2)%
Add: Depreciation and amortization	137,496	254,690	392,186	128,450	253,669	382,119	9,046	1,021	10,067	7.0%	0.4%	2.6%
EBITDA	Ps. 1,296,538	781,856	2,078,394	1,434,501	1,286,399	2,720,900	(137,963)	(504,543)	(642,506)	(9.6)%	(39.2)%	(23.6)%
Add: Other expenses - Sale of fixed assets	-	529,722	529,722	-	-	-	-	529,722	529,722	-%	100%	100%
Add: Impairment fixed assets	-	166,581	166,581	-	-	-	-	166,581	166,581	-%	100%	100%
Adjusted EBITDA	Ps. 1,296,538	1,478,159	2,774,697	1,434,501	1,286,399	2,720,900	(137,963)	191,760	53,797	(9.6)%	14.9%	2.0%

(1) The amount of financing cost net is presented before elimination of interest expense between BWM and JAFRA of Ps.297,814 in 2024 and Ps.147,550 in 2023 (See — Note 27 “Segment Information” to the Audited Consolidated Financial Statements).

(2) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b “Material accounting policies” in the Audited Consolidated Financial Statements).

BWM:

For the year 2024, EBITDA decreased 9.6% or Ps.137,963, to Ps.1,296,538 compared to Ps.1,434,501 in 2023, due to a temporary increase in corporate and logistics expenses related to the additional inventory during the second half of 2024. During 2024 we experienced an increase in our international expansion operations by Ps.101,000.

JAFRA:

For the year 2024, Adjusted EBITDA increased 14.9% or Ps.191,760, to Ps.1,478,159 compared to Ps.1,286,399 in 2023. Growth was driven by an expansion in gross margin resulting from higher volume, productivity improvements in manufacturing, lower raw material costs, and a more favorable product mix.

Results of Operations — For the Year 2023 Compared to the Year 2022:

All amounts in this section marked with “Ps.” are in thousands of Mexican pesos unless otherwise noted

Net Revenue

		December 31, 2023	December 31, 2022	Var. \$	Var. %
The Group’s net revenue					
BWM	Ps.	5,726,608	6,343,344	(616,736)	(9.7)%
JAFRA ⁽¹⁾		7,282,899	5,164,205	2,118,694	41.0%
Total net revenue	Ps.	13,009,507	11,507,549	1,501,958	13.1%

(1) The period ended December 31, 2022, covers the period from April 7 to December 31 in the case of JAFRA.

BWM:

Net revenue decreased by 9.7%, or Ps.616,736, to Ps.5,726,608 for the year 2023 compared to Ps.6,343,344 for the year 2022, due to the Company continuing to stabilize the number of distributors and associates that comprise our sales network post-pandemic. During the year ended December 31, 2023, distributors increased by 6.1% to 41,825 (compared to 39,413 in 2022), and associates decreased by 4.8% to 741,170 (compared to 778,845 in 2022), which resulted in a decrease of approximately 2.3% in the average monthly order. Volume of units sold decreased 20.8% from 100.3 million in 2022 to 79.4 million in 2023, while the average price per unit increased 13.1% during the same period.

JAFRA:

Net revenue increased by 41.0%, or Ps.2,811,694, to Ps.7,282,899 for the year 2023 compared to Ps.5,164,205 for the year 2022. This increase resulted mainly from (i) the implementation and execution of our business model, which included refreshing the brand and accelerating product innovation with time-to-market being reduced to 7.8 months in 2023 (compared to 18 months in 2022), applying commercial technology, redesigning our catalog, enhancing incentive programs, and boosting overall sales force motivation, among other initiatives, and (ii) consolidation of a full year of net revenue from JAFRA in 2023 compared to only nine months of net revenue in 2022 (April to December).

Cost of Sales

		Restated ⁽²⁾ December 31, 2023	Restated ⁽²⁾ December 31, 2022	Var. \$	Var. %
The Group’s cost of sales					
BWM	Ps.	2,443,229	2,576,179	(132,950)	(5.2)%
JAFRA ⁽¹⁾		1,817,613	1,407,392	410,221	29.1%
Total cost of sales	Ps.	4,260,842	3,983,571	277,271	7.0%

(1) The period ended December 31, 2022, covers the period from April 7 to December 31 in the case of JAFRA.

(2) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b “Material accounting policies” in the Audited Consolidated Financial Statements).

BWM:

Cost of sales decreased 5.2%, or Ps.132,950, to Ps.2,443,229 for the year 2023 compared to Ps.2,576,179 for the year 2022 as a result of decreased revenue, resulting in a gross profit of Ps.3,283,379 for the year 2023 compared to Ps.3,767,165 for the year 2022. As a percentage of net revenue, cost of sales was 42.7% for the year 2023 and 40.6% for the year 2022. The increase of cost of sales as a percentage of net revenues was primarily due to promotions resulting in discounts to our distributors which increased volume of sales but decreased gross margin.

JAFRA:

Cost of sales increased 29.1%, or Ps.410,221, to Ps.1,817,613 for the year 2023 compared to Ps.1,407,392 for the year 2022, as a result of increased revenue of 41.0%. JAFRA historically has had higher gross margins, because of manufacturing most of its products within Mexico and not having to bear international freight costs as does BWM. Gross profit increased 45.5%, or Ps.1,708,473 to Ps.5,465,286 for the year 2023 compared to Ps.3,756,813 for the year 2022. As a percentage of net revenue, cost of sales decreased 2.3% to 25.0% for the year 2023 compared to 27.3% for the year 2022, due to (i) reduced costs achieved through supplier negotiations, (ii) a favorable exchange rate, (iii) a favorable variation in production volume and mix.

Administrative Expenses

	Restated ⁽²⁾ December 31, 2023	Restated ⁽²⁾ December 31, 2022	Var. \$	Var. %
The Group's administrative expenses				
BWM	Ps. 987,981	1,098,426	(110,445)	(10.1)%
JAFRA ⁽¹⁾	1,379,299	1,099,904	279,395	25.4%
Total administrative expenses	Ps. 2,367,280	2,198,330	168,950	7.7%

(1) The period ended December 31, 2022, covers the period from April 7 to December 31 in the case of JAFRA.

(2) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b "Material accounting policies" in the Audited Consolidated Financial Statements).

Administrative expenses by department are as follows:

	Restated ⁽²⁾ December 31, 2023			Restated ⁽²⁾ December 31, 2022			Var. \$			Var. %		
	BWM	JAFRA	GROUP	BWM	JAFRA ⁽¹⁾	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP
Operations	Ps. 549,070	631,881	1,180,951	641,575	417,668	1,059,243	(92,505)	214,213	121,708	(14.4)%	51.3%	11.5%
Depreciation	128,450	223,427	351,877	109,055	148,083	257,138	19,395	75,344	94,739	17.8%	50.9%	36.8%
IT	82,853	193,733	276,586	107,304	172,392	279,696	(24,451)	21,341	(3,110)	(22.8)%	12.4%	(1.1)%
Finance	115,906	146,669	262,575	128,832	148,450	277,282	(12,926)	(1,781)	(14,707)	(10.0)%	(1.2)%	(5.3)%
Marketing	46,557	111,107	157,664	44,562	146,516	191,078	1,995	(35,409)	(33,414)	4.5%	(24.2)%	(17.5)%
Quality	23,767	-	23,767	27,845	-	27,845	(4,078)	-	(4,078)	(14.6)%	-%	(14.6)%
Others	41,378	72,482	113,860	39,253	66,795	106,048	2,125	5,687	7,812	5.4%	8.5%	7.4%
Total	Ps. 987,981	1,379,299	2,367,280	1,098,426	1,099,904	2,198,330	(110,445)	279,395	168,950	(10.1)%	25.4%	7.7%

(1) The period ended December 31, 2022, covers the period from April 7 to December 31 in the case of JAFRA.

(2) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b "Material accounting policies" in the Audited Consolidated Financial Statements).

BWM:

Administrative expenses decreased 10.1%, or Ps.110,445, to Ps.987,981 for the year 2023 compared to Ps.1,098,426 for the year 2022, mainly due to a more streamlined operational structure and effective administrative expenses control as a result of decreased revenue, which resulted in: (i) a reduction in wages paid to employees (due to our slimer structure in 2023), (ii) a reduction in warehouse rent payments and (iii) a lower impairment loss on trade account receivable compared to 2022 due to a greater loss on collection recoverability that occurred post pandemic in 2022. The decrease in administrative expenses was mostly offset by the increase in depreciation of fixed assets. As a percentage of net revenues, administrative expenses remained at the same percentage of 17.3% for the years 2023 and 2022 due to the stabilization of our operational structure.

JAFRA:

Administrative expenses increased 25.4%, or Ps.279,395, to Ps.1,379,299 for the year 2023 compared to Ps.1,099,904 for the year 2022, primarily due to consolidation of a full year of administrative expenses from JAFRA in 2023 compared to only nine months of net revenue in 2022 and to increases in wages paid to employees, services fee payments, depreciation of fixed assets including machinery, leases of vehicles, warehouses and buildings, all of which supported operation growth. As a percentage of net revenues, these expenses represented 18.9% and 21.3% for the years 2023 and 2022, respectively, due to operating leverage.

Selling Expenses

	December 31, 2023	December 31, 2022	Var. \$	Var. %
The Group's selling expenses				
BWM	Ps. 770,008	1,021,281	(251,273)	(24.6)%
JAFRA ⁽¹⁾	2,690,359	1,786,749	903,610	50.6%
Total of selling expenses	Ps. 3,460,367	2,808,030	652,337	23.2%

(1) The period ended December 31, 2022, covers the period from April 7 to December 31 in the case of JAFRA.

The selling expenses major line items include:

	December 31, 2023			December 31, 2022			Var. \$			Var. %		
	BWM	JAFRA	GROUP	BWM	JAFRA ⁽¹⁾	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP
Reward program	Ps. 144,374	908,037	1,052,411	364,945	525,818	890,763	(220,571)	382,219	161,648	(60.4)%	72.7%	18.1%
Sales commission	-	1,271,953	1,271,953	-	853,198	853,198	-	418,755	418,755	-%	49.1%	49.1%
Sales catalogue	282,245	117,258	399,503	345,265	100,488	445,753	(63,020)	16,770	(46,250)	(18.3)%	16.7%	(10.4)%
Sales bonuses and wages	157,821	136,178	293,999	117,235	108,941	226,176	40,586	27,237	67,823	34.6%	25.0%	30.0%
Events and conventions	48,449	197,529	245,978	34,966	38,477	73,443	13,483	159,052	172,535	38.6%	413.4%	234.9%
Others	137,119	59,404	196,523	158,870	159,827	318,697	(21,751)	(100,423)	(122,174)	(13.7)%	(62.8)%	(38.3)%
Total	Ps. 770,008	2,690,359	3,460,367	1,021,281	1,786,749	2,808,030	(251,273)	903,610	652,337	(24.6)%	50.6%	23.2%

(1) The period ended December 31, 2022, covers the period from April 7 to December 31 in the case of JAFRA.

BWM:

Selling expenses decreased 24.6%, or Ps.251,273, to Ps.770,008 for the year 2023 compared to Ps.1,021,281 for the year 2022, due to efficient promotions to the sales force, and reduced catalogs and packaging materials costs. BWM's selling expenses were 13.4% of net revenue for the year 2023 compared to 16.1% of net revenue for the year 2022. The decrease in selling expenses as a percentage of net revenues was mainly due to the efficient management of selling expenses.

JAFRA:

Selling expenses increased 50.6%, or Ps.903,610, to Ps.2,690,359 for the year 2023 compared to Ps.1,786,749 for the year 2022, primary due to consolidation of a full year of selling expenses from JAFRA in 2023 compared to only nine months of net revenue in 2022 and to an increase in our rewards program, sales commissions, expenses incurred in the volume of sales catalogues printed in order to promote and satisfy the demand of our leaders and consultants. JAFRA's selling expenses was 36.9% of the net revenue for the year 2023 compared to 34.6% for the year 2022.

Distribution Expenses

	Restated⁽²⁾ December 31, 2023	Restated⁽²⁾ December 31, 2022	Var. \$	Var.%
The Group's distribution expenses				
BWM	Ps. 219,339	218,084	1,255	0.6%
JAFRA ⁽¹⁾	362,898	249,266	113,632	45.6%
Total of distribution expenses	Ps. 582,237	467,350	114,887	24.6%

(1) The period ended December 31, 2022, covers the period from April 7 to December 31 in the case of JAFRA.

(2) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b "Material accounting policies" in the Audited Consolidated Financial Statements).

BWM:

Distribution expenses increased 0.6%, or Ps.1,255, to Ps.219,339 for the year 2023 compared to Ps.218,084 for the year 2022. During 2023, BWM maintained an efficient management of distribution expenses.

JAFRA:

Distribution expenses increased 45.6%, or Ps.113,632, to Ps.362,898 for the year 2023 compared to Ps.249,266 for the year 2022, as a result of the increase in net revenue by 41.0% and consolidation of a full year of distribution expenses from JAFRA in 2023 compared to only nine months of net revenue in 2022.

Financing Income (Cost)

Financing income (cost)	Restated ⁽²⁾ December 31, 2023			December 31, 2022			Var. \$			Var. %		
	BWM	JAFRA	GROUP	BWM	JAFRA ⁽¹⁾	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP
Interest expense ⁽³⁾	Ps (794,231)	(33,581)	(827,812)	(532,282)	(11,039)	(543,321)	(261,949)	(22,542)	(284,491)	49.2%	204.2%	52.4%
Interest income	10,033	35,023	45,056	10,607	18,082	28,689	(574)	16,941	16,367	(5.4)%	93.7%	57.0%
Unrealized loss in valuation of financial derivative instruments ⁽⁴⁾	(32,591)	-	(32,591)	(43,522)	-	(43,522)	10,931	-	10,931	(25.1)%	-%	(25.1)%
Foreign exchange gain ⁽⁵⁾	230,536	36,827	267,363	233,903	20,295	254,198	(3,367)	16,532	13,165	(1.4)%	81.5%	5.2%
Foreign exchange loss ⁽⁵⁾	(340,645)	(33,565)	(374,210)	(315,115)	(22,451)	(337,566)	(25,530)	(11,114)	(36,644)	8.1%	49.5%	10.9%
Total	Ps (926,898)	4,704	(922,194)	(646,409)	4,887	(641,522)	(280,489)	(183)	(280,672)	43.4%	(3.7)%	43.8%

(1) The period ended December 31, 2022, covers the period from April 7 to December 31 in the case of JAFRA.

(2) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b “Material accounting policies” in the Audited Consolidated Financial Statements).

GROUP:

- (3) Interest expense increased 52.4% or Ps.284,491 to Ps.827,812 in 2023 as compared to Ps.543,321 in 2022, mainly due to interest payments on loans obtained to fund the JAFRA Acquisition as of March 31, 2022 (and interest payments associated with our bonds issuance in Mexico in 2023, which increased compared to 2022 due to: (i) cancellation of issuance cost of Syndicated Credit for Ps.50,447, and (ii) increase in the annual average variable rates (TIE 28 days) of 11.40% in 2023 compared to the 7.91% in 2022, related to interest on our credit lines. (See “—Liquidity and Capital Resources—Indebtedness”).
- (4) To reduce the risks related to fluctuations in the exchange rate of the US dollar, we use derivative financial instruments such as forwards to mitigate foreign currency exposure resulting from inventory purchases made in US dollars. As of December 31, 2023, Betterware had US\$97.3 million of forwards contracts, with an average exchange rate of Ps.17.96 compared to US\$41.8 million of forwards contracts as of December 31, 2022, with an average exchange rate of Ps.20.31. The difference between the average exchange rate of the forward contracts and the real average exchange rate of Ps.17.74 and Ps.20.12 in each year resulted in the losses in 2023 and 2022.
- (5) Our exposure to currency exchange rate fluctuations and how we mitigate this risk is described in the sections entitled “Risk Factors—Risks Related to Mexico” and “Currency Exchange Rate Fluctuations.” The unrealized loss in valuation of financial derivative instruments as of December 31, 2022 resulted in a foreign exchange loss due to the difference between the agreed exchange rate and exchange rate used to pay the forwards during 2023.

Income Tax Expense

Income tax expense	Restated ⁽²⁾ December 31, 2023			December 31, 2022			Var. \$			Var. %		
	BWM	JAFRA	GROUP	BWM	JAFRA ⁽¹⁾	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP
Current	Ps. 282,187	363,334	645,521	350,320	183,202	533,522	(68,133)	180,132	111,999	(19.4)%	98.3%	21.0%
Deferred	(141,425)	(124,073)	(265,498)	16,846	(33,448)	(16,602)	(158,271)	(90,625)	(248,896)	(939.5)%	270.9%	1,499.2%
Total	Ps. 140,762	239,261	380,023	367,166	149,754	516,920	(226,404)	89,507	(136,897)	(61.7)%	59.8%	(26.5)%

(1) The period ended December 31, 2022, covers the period from April 7 to December 31 in the case of JAFRA.

(2) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b “Material accounting policies” in the Audited Consolidated Financial Statements).

BWM:

Income taxes decreased 61.7% or Ps.226,404 to Ps.140,762 for the year 2023 compared to Ps.367,166 for the year 2022, due to higher pre-tax profits paid during the year 2022 as compared to the year 2023, where BWM’s net revenue decreased by 9.7% and interest expense increased by 49.2%.

JAFRA:

Income taxes increased 59.8% or Ps.89,507 to Ps.239,261 for the year 2023 compared to Ps.149,754 for the year 2022, because of the increase in net revenue of 41.0% and consolidation of JAFRA for a full year in 2023 compared to only nine months in 2022.

GROUP:

The effective income tax rate was 27% in 2023 and 37% in 2022, the difference is derived principally from a decrease in certain non-deductible expenses of JAFRA and lower inflation effects in 2023.

Reconciliation of Non-IFRS Measures

Non-IFRS Financial Measures

We define “EBITDA” as profit for the year adding back the depreciation of property, plant and equipment and right of use assets, amortization of intangible assets, financing cost, net and total income taxes. EBITDA is not a measure required or presented in accordance with IFRS. The use of EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We believe that this non-IFRS financial measure is useful to investors because (i) we use this measure to analyze our financial results internally and believe they represent a measure of operating profitability and (ii) this measure will serve investors to understand and evaluate our EBITDA and provide more tools for their analysis as it makes our result comparable to industry peers that also prepare this measure.

EBITDA Reconciliation to Net Income/(Loss) from Continuing Operations

In thousands of Mexican pesos	Restated ⁽²⁾ December 31, 2023			December 31, 2022			Var. \$			Var. %		
	BWM	JAFRA	GROUP	BWM	JAFRA ⁽¹⁾	GROUP	BWM	JAFRA	GROUP	BWM	JAFRA	GROUP
Net income for the year	Ps. 90,847	945,717	1,036,564	376,902	493,062	869,964	(286,055)	452,655	166,600	(75.9)%	91.8%	19.2%
Add: Total income taxes	140,762	239,261	380,023	367,166	149,754	516,920	(226,404)	89,507	(136,897)	(61.7)%	59.8%	(26.5)%
Add: Financing cost, net ⁽³⁾	1,074,442	(152,248)	922,194	661,104	(19,582)	641,522	413,338	(132,666)	280,672	62.5%	677.5%	43.8%
Add: Depreciation and amortization	128,450	253,669	382,119	109,055	178,647	287,702	19,395	75,022	94,417	17.8%	42.0%	32.8%
EBITDA	Ps. 1,434,501	1,286,399	2,720,900	1,514,227	801,881	2,316,108	(79,726)	484,518	404,792	(5.3)%	60.4%	17.5%

(1) The period ended December 31, 2022, covers the period from April 7 to December 31 in the case of JAFRA.

(2) Details of the restatement are shown at the beginning of this Item 5 (See also Note 2b “Material accounting policies” in the Audited Consolidated Financial Statements).

(3) The amount of financing cost net is presented before elimination of interest expense between BWM and JAFRA of Ps.147,550 in 2023 and Ps.14,695 in 2022 (See —Note 27 “Segment Information” to the Audited Consolidated Financial Statements).

BWM:

For the year 2023, EBITDA decreased 5.3% or Ps.79,726, to Ps.1,434,501 compared to Ps.1,514,227 in 2022, mainly due to a decrease in net revenue of 9.7% and offset by the stabilization of operating expenses in 2023.

JAFRA:

For the year 2023, EBITDA increased 60.4% or Ps.484,518, to Ps.1,286,399 compared to Ps.801,881 in 2022, mainly due to an increase in net revenue of 41.0% and reduced costs achieved through supplier negotiations (1.7-pps), among other factors during 2023.

Betterware's Capital Expenditures

Our capital expenditures were mainly related to the construction settlements after guarantee period of our new headquarters and distribution center in Jalisco, Mexico. Our capital expenditures of property for the years 2023, 2022 and 2021 amounted to Ps.2,349, Ps.37,500, and Ps.397,000 respectively. The total investment of our new headquarters and distribution center amounted to Ps.1,110,807, and it was completed in 2023.

B. LIQUIDITY AND CAPITAL RESOURCES

All amounts in this section marked with “Ps.” are in thousands of Mexican pesos unless otherwise noted

Our primary source of liquidity is cash flow generated from our two main operating segments, sales of home organization products and beauty and personal care (B&PC). Variation in sales of our products directly affects our cash flow. We have historically met our short- and long-term working capital and capital expenditure requirements through net cash flow provided by operating activities. Our capital expenditures expenses requirements are mainly related to investment in technology, and, in prior years, to the construction of our distribution center. We financed the JAFRA Acquisition through a long-term debt instrument, and despite the current inflationary environment, we believe we will have sufficient resources to meet our debt service obligations in a timely manner.

In order to maintain sufficient liquidity, we strive to maintain an average cash and cash equivalent monthly balance of approximately Ps.200,000. As of December 31, 2024, 2023 and 2022 our cash and cash equivalents were Ps.296,558, Ps.549,730, and Ps.815,644 respectively. During 2023 and 2022 the cash balance was higher than our minimum expected cash balance, however, during 2024 management decided to use cash available in order to pay debt.

One of our management’s objectives is to prepay long-term debt in order to achieve a leverage index lower than 2x. We currently finance our long-term debt with sources of cash flow generated mainly by JAFRA.

During 2024, BWM imported approximately 93% of its products. Such imports are paid in dollars. To reduce the risk related to fluctuations in exchange rates, BWM uses derivative financial instruments as “forwards” to moderate the exchange risks resulting from future inventory and purchases in dollars. The hedging forward contracts cover 100% of the product needs until June 2025.

JAFRA has been a highly accretive acquisition for the Company. Prior to the acquisition, Jafra Mexico faced a declining trend in net revenue, which we successfully reversed to secure double-digit growth in 2024. Similarly, EBITDA and EBITDA margin have followed this positive trend. JAFRA has provided us with an attractive portfolio of products that diversify our product offering, with unique brands in different market segments in Mexico and the United States, allowing us to ramp up our international operations in the United States.

Cash Flow

Year Ended December 31, 2024, Compared with Year Ended December 31, 2023

Cash Flows from Operating Activities

Cash flows provided by operating activities decreased 24.3%, or Ps.575,572, to Ps.1,791,207 for the year ended December 31, 2024, compared to Ps.2,366,779 for the year ended December 31, 2023, mainly due to: (i) a net income lower by Ps.325,042 due to properties sale loss (See “—Item 4 “D”—Property, Plant and Equipment”), (ii) a higher income tax paid by Ps.344,306 due to higher tax rate in 2024, (iii) Ps.189,357 of unrealized gain due to agreed exchange rate and exchange rate used to pay the forwards, and (iv) an increase in our Group’s working capital investment (net of accounts receivable, inventory and suppliers) by Ps.168,509 in 2024 compared to 2023. Historically, the Group did not invest in working capital because it is financed by the days payable to suppliers (sales are higher, cash collection from sales is faster than payments made to suppliers). Our inventory turnover increased from 178⁽¹⁾ days for the year ended December 31, 2023, to 183 days for the year ended December 31, 2024, our days of payables increased from 135⁽¹⁾ for the year ended December 31, 2023, to 159 for the year ended December 31, 2024, and our days of receivables were maintained at 29 days for the years ended December 31, 2023 and 2024.

⁽¹⁾ The turnover ratios of inventory and accounts payable for 2023 were modified due to a restatement in 2023, which is described at the beginning of this Item 5 (See also Note 2b “Material accounting policies” in the Audited Consolidated Financial Statements).

Cash Flows from Investing Activities

Cash flows generated from (used in) investing activities increased 108.4%, or Ps.70,785, to cash generated from investing activities of Ps.5,457 for the year ended December 31, 2024 compared to cash used in investing activities of Ps.(65,328) for year ended December 31, 2023 mainly due to the cash received of Ps.156,500 from Jafra's properties sale in 2024 (See "—Item 4 "D"—Property, Plant and Equipment"), offset by cash flows used in investing activities including an investment in technological platform and equipment, and property.

Cash Flows from Financing Activities

Cash flows used in financing activities increased by 20.2%, or Ps.517,529 to Ps.(2,049,836) for the year 2024 compared to Ps.(2,567,365) for the year 2023. During 2024, we received proceeds of Ps.3,027,100 under our short-term financing agreements as follows: (i) Ps.1,304,100 from HSBC, and (ii) Ps.1,723,000 from BBVA. As of December 31, 2024, we repaid an aggregate amount of Ps.3,127,100 under these short-term financing agreements as follows: (i) 1,224,100 to HSBC, and (ii) Ps.1,903,000 to BBVA. Additionally, we repaid an aggregate amount of Ps.192,500 under our long-term financing agreements, as follows: (i) Ps.145,000 to BBVA, and (ii) Ps.47,500 to HSBC. For the years ended December 31, 2024, and 2023, we paid dividends in the amount of Ps.998,054 and Ps.648,735, respectively. For the year ended December 31, 2024, we paid interest of Ps.603,921, or 7.4% less compared to Ps.652,313 paid for the year ended December 31, 2023, mainly since BMW did not pay interest in 2024 on its Syndicated Credit line because the line was repaid and cancelled in July 2023, which represented 43.1% of Group's total interest expense in 2023; (See "—Liquidity and Capital Resources —Indebtedness").

Year Ended December 31, 2023, Compared with Year Ended December 31, 2022

Cash Flows from Operating Activities

Cash flows provided by operating activities increased 67.9%, or Ps.957,077, to Ps.2,366,779 for the year ended December 31, 2023, compared to Ps.1,409,702 for the year ended December 31, 2022, mainly due to a decrease in our Group's working capital investment (net of accounts receivable, inventory and suppliers) by Ps.408,993 in 2023 compared to 2022. Historically, the Group did not invest in working capital because it is financed by the days payable to suppliers (sales are higher, cash collection from sales is faster than payments made to suppliers). Our inventory turnover increased from 156⁽¹⁾ days for the year ended December 31, 2022, to 178⁽¹⁾ days for the year ended December 31, 2023, our days of payables decreased from 154⁽¹⁾ for the year ended December 31, 2022, to 135⁽¹⁾ for the year ended December 31, 2023, and our days of receivables increased from 27 days for the year ended December 31, 2022, to 29 days for the year ended December 31, 2023.

(1) The turnover ratios of inventory and accounts payable for 2023 and 2022 were modified due to a restatement in 2023, which is described at the beginning of this Item 5 (See also Note 2b "Material accounting policies" in the Audited Consolidated Financial Statements).

Cash Flows from Investing Activities

Cash flows used in investing activities decreased 98.6%, or Ps.4,759,894, to Ps.(65,328) for the year ended December 31, 2023 compared to Ps.(4,825,222) for year ended December 31, 2022 mainly due to the cash paid in 2022 for the JAFRA Acquisition which amounted to Ps.4,698,463. Cash flows used in investing activities include investment in business acquisitions, technological platform, product innovation, equipment, and property.

Cash Flows from Financing Activities

Cash flows (used in) generated from financing activities decreased by 184.0%, or Ps.(5,623,331) to Ps.(2,567,365) for the year 2023 compared to Ps.3,055,966 for the year 2022. During 2023, we received Ps.3,263,974 under our long-term financing agreements as follows: (i) Ps.1,500,000 from BBVA, (ii) Ps.950,000 from HSBC, (iii) Ps.813,974 from new bonds issuances. Additionally, a total of Ps.3,235,020 was disbursed under our short-term financing agreements as follows: (i) Ps.700,000 from Banamex, (ii) Ps.300,000 from HSBC, (iii) Ps.1,855,020 from BBVA, and (iv) Ps.380,000 from Santander. As of December 31, 2023, we repaid an aggregate amount of Ps.3,135,020 under these short-term financing agreements, of which: (i) Ps.900,000 was paid to Banamex, (ii) Ps.300,000 was paid to HSBC, (iii) Ps.1,555,020 was paid to BBVA, and (iv) Ps.380,000 was paid to Santander. On July 10, 2023, we fully prepaid the syndicated loan with the proceeds from our long-term agreements with BBVA, HSBC and our bonds issuance. For the years ended December 31, 2023, and 2022, we paid dividends in the amount of Ps.648,735 and Ps.949,610, respectively. For the year ended December 31, 2023, we paid interest of Ps.652,313, or 29.6% more compared to Ps.502,847 paid for the year ended December 31, 2022, mainly due to the increase in variable rates under our loans. See “—Liquidity and Capital Resources—Indebtedness.”

Indebtedness

Long term debt- Credit Line with HSBC

On September 12, 2023, Betterware signed an agreement with HSBC to acquire a simple line of credit with joint obligation, up to Ps.950,000, valid until September 13, 2029 and payment of monthly interest at the TIIE rate (the of interbank interest rate) at 28 days published in BANXICO plus 1.3bp. Such ordinary interest will be calculated by the number of days effectively elapsed over the base of a year 360 days. In addition, in case of a default, interest will be paid at the ordinary interest rate multiplied by 2.0pp between the 360 days and the result of using the unpaid and past-due balances.

On September 13, 2023, Betterware used the Ps.950,000 of the credit line with HSBC to pay our revolving lines.

As of December 31, 2024, the amount paid to the principal of this credit line amounts to Ps.47,500.

As of December 31, 2024, the current portion of this long-term simple line amounted to Ps.190,000.

Long term debt- Offering of bonds in Securities Commission and to the Mexican Stock Exchange (“BMV”, for its acronym in Spanish) (BWMX 23 and BWMX 23-2)

On July 7, 2023, Betterware successfully concluded the offering of a two-tranche bond issuance for a total of Ps.813,974, with maturities of 4 and 7 years, offered in the Mexican Market. The third offer of bonds for Ps.313,374 started paying interest at 12.41% rate and for the subsequent monthly payments, the rate will be based on the 28-day TIIE rate issued by Banxico plus 0.90%, and the fourth offer of Ps.500,000 will pay interest semi-annually at a fixed rate of 11.23% during the bond term. Principal payments are at the end of every bond maturity.

On July 10, 2023, Betterware used the bond amount net of issuance costs of Ps.810,197, to pay the syndicated credit line.

Long term debt- Credit Line with BBVA

On July 5, 2023, Betterware entered into a credit agreement with BBVA, up to Ps.1,500,000, with a term of 60 months and monthly interest payment at 28-day TIIE rate published in BANXICO, on non-working days, the TIIE rate could be at 26, 27 or 29 days, plus the applicable margin. Such ordinary interest will be calculated by the number of days effectively elapsed over the base of a year 360 days. In addition, in case of a default, interest will be paid at the ordinary interest rate multiplied by 2.0pp between the 360 days and the result of using the unpaid and past-due balances.

On July 10, 2023, Betterware used the Ps.1,500,000 of the credit line with BBVA to pay the syndicated credit line.

As of December 31, 2024, the amount paid to the principal of this credit line amounts to Ps. 145,000.

As of December 31, 2024, the current portion of this long-term simple line amounted to Ps.200,000.

Long term debt- Syndicated Credit Line

On March 31, 2022, Betterware entered into a credit agreement with Banamex, HSBC, BBVA, BanBajio, BanCoppel, and Scotiabank, as syndicated lenders, for a credit line of up to Ps.4,498,695. The funds under the credit line were entirely allocated to the JAFRA Acquisition in Mexico and the United States. The credit line had a maturity of 5 years from the date of signing the contract in March 2022, which paid monthly interest at the 28-day TIIE rate plus the applicable margin established in the contract. The first 24 months the credit line had no principal payments, and from month 25 principal payments began in an increasing manner, with a global payment of 30% in month 60. JAFRA subsidiaries were jointly responsible for this credit.

During the months of March and June 2023, Betterware made two principal payments for Ps.1,000,000 and Ps.250,000, respectively. On July 10, 2023, the remaining principal of the syndicated loan for Ps.3,248,695 was prepaid. The resources used came from long-term debt: Ps.1,500,000 from BBVA and Ps.810,197 from the new bond issue; and short-term loans: Ps.550,000 from the revolving line with BBVA, Ps.150,000 from the revolving line with Santander, Ps.50,000, from the revolving line with HSBC, and the remaining amount for Ps.188,498 was taken from available cash of BWM and JAFRA on the settlement date.

The Management considered the transaction as an extinguishment of the original debt (Syndicated Loan) and a new debt was recognized for the long-term simple credit lines with BBVA and HSBC, mainly due to substantial differences in financial obligations. As a result of the extinguishment of the debt from July to December 2023, the Company cancelled in profit or loss the outstanding remainder of the initial issuance costs for the original debt (syndicated credit), which amounted to Ps.50,447. There was no amount outstanding as of December 31, 2024.

Long term debt- Offering of bonds in Securities Commission and to the Mexican Stock Exchange ("BMV", for its acronym in Spanish) (BWMX 21X and BWMX 21-2X)

On August 30, 2021, Betterware successfully concluded the offering of a two-tranche sustainability bond issuance for a total of Ps.1,500,000, with maturities across 4 and 7 years, offered in the Mexican Market and issued at favorable conditions for the Company. The first offer of sustainability bonds for Ps.500,000 started paying interest at 5.15% rate plus 0.40% and for the subsequent monthly payments, the rate will be based on the 29-day TIIE rate issued by Banxico plus 0.40%, and the second offer of Ps.1,000,000 will pay interest semi-annually at a fixed rate of 8.35% during the sustainability bond term. Principal payments are at the end of every bond maturity.

On August 31, 2021, Ps.588,300 of proceeds received from the bond offering, were used for the prepayment of the following long-term debt: Ps.521,449 were paid to the secured credit line with Banamex, acquired in December 2018, plus an additional Ps.18,172 to cancel the swap linked to that loan, and Ps.48,679 to the credit line with BBVA. The rest of the proceeds were used for general corporate purposes, including additional investments in Campus Betterware and other initiatives with positive environmental and social impacts.

Banamex- Unsecured current credit line

Betterware has an unsecured credit line with Banamex since July 2016, for up to Ps.900,000, at a rate based on the 28-days TIIE plus 110 basis points. As of December 31, 2021, the interest rate was 28-days TIIE plus 285 basis points. During the years 2023 and 2022, Betterware used Ps.700,000 and Ps.250,000, respectively. and as of December 31, 2023, and 2022 has been reimbursed to Ps.900,000 and Ps.50,000, respectively. During 2024, BWM did not receive cash from this credit line.

As of December 31, 2022, the balance of this short-term line closed at Ps.200,000. As of December 31, 2024 and 2023, the credit line was fully paid.

HSBC- Current credit line

On March 10, 2020, Betterware entered into a current account credit line agreement with HSBC México, S.A., for an amount of Ps.50,000, with provisions by means of promissory notes specifying payment of principal and interest. BLSM is jointly liable for this credit. On May 4, 2020, the first amendment agreement was signed, in which the amount of the credit line was increased to Ps.150,000. On June 17, 2022, the fourth modifying agreement was signed, which increased the available funds to Ps.300,000; and it bears interest at the TIIE rate plus 100 basis points. During the years 2024, 2023 and 2022, Betterware received several deposits of this revolving line which together amounted to Ps. 1,120,000, Ps.300,000 and Ps.620,000, respectively, which, as of December 31, 2024, 2023 and 2022, had been paid.

As of December 31, 2024, the balance of this short-term line closed at Ps.80,000.

BBVA- Current credit line

On April 5, 2022, the Group entered into a credit line with BBVA for up to Ps.400,000 and as of May 31, 2022, through an amending agreement, the amount was strengthened for up to Ps.800,000. The line of credit bearing interest at the 28-day TIIE rate plus 100 basis points, payable monthly, with a term of 36 months from the date of signing the original contract. During the years 2024, 2023 and 2022, Betterware received several deposits of this revolving line which together amounted to Ps.1,723,000, Ps.1,855,020 and Ps.450,010, respectively, which, as of December 31, 2024, 2023, and 2022, were paid Ps. 1,903,000, Ps.1,555,020 and Ps.450,010, respectively.

As of December 31, 2024 and 2023, the balance of this short-term line closed at Ps.120,000 and Ps.300,000, respectively.

Santander-Current credit line

On May 30, 2022, Betterware entered into a current account credit agreement with Santander México, S.A., for an amount of Ps.200,000. BLSM is jointly and severally liable for this credit. The maturity date of this line of credit is May 31, 2024, and accrues interest at the TIIE rate plus 190 basis points. During fiscal year 2023, Betterware has used Ps.380,000 under such revolving credit line and which has been reimbursed to Santander. During 2024 and 2022, BWM did not receive cash from this credit line.

On July 10, 2023, Betterware used the Ps.1,500,000 of the credit line with BBVA to pay the syndicated credit line.

As of December 31, 2024, the amount paid to the principal of this credit line amounts to Ps.145,000.

HSBC Revolving Credit

On May 3, 2024, Jafra entered into a current account credit agreement with HSBC México, S.A., Institucion de Banca Multiple, for an amount of Ps.70,000. The term of the agreement is 24 (twenty-four) months from the date of execution of the agreement and accrues interest at the 28-day TIIE reference base rate plus a margin applicable to the reference rate. During 2024 Jafra has used of the revolving line Ps.184,000, and at the end of 2024 were paid in full.

Our debt instruments contain the following financial ratios and covenants.

The long-term and current debt of the credit line with HSBC and the current account credit line with Banamex contains the following financial obligations:

- a) A leverage ratio less than or equal to 3.00.
- b) A debt service coverage ratio equal to or greater than 1.25.

The long-term debt of the credit line with BBVA contains the following financial obligations:

- a) A leverage ratio equal to or less than 3.50 to 1.0.
- b) A debt service coverage ratio greater than or equal to 1.25 to 1.0.

The long-term debt of the syndicated credit line contained the following financial obligations:

- a) A leverage ratio equal to or less than 3.00.
- b) A debt service coverage ratio equal to or greater than 1.25.
- c) A minimum stockholders' equity equivalent to 90% of stockholders' equity at the close of the last immediately preceding fiscal year.

The short and long-term debt of credit lines with banks contain the following covenants, among others:

- a) Provide the quarterly financial statements 20 days after the end of each quarter (1st to 3rd) and 40 days after the end of the 4th quarter and provide the audited consolidated financial statements 120 days after at the end of the fiscal year.
- b) Compliance with fiscal, social security and environmental laws and contractual obligations, among others; and payments of any taxes or related expenses.
- c) Maintain current payments of insurance policies.
- d) No mergers, splits or liens without the consent of the agent.

The long-term debt of the bond issue has the following financial obligations:

- a) Pay interest on bonds monthly or semi-annually, as applicable to each issue (bond), and using the rate stipulated in the Title.
- b) Use the funds from the placement of the Stock Certificates for the permitted purposes.
- c) Compliance with the general provisions applicable to securities issuers and other participants; among them, the delivery of quarterly financial information and an annual report to the Banking Commission (CNBV, for its acronym in Spanish) and BMV.
- d) Compliance with the general provisions applicable to entities and issuers supervised by the CNBV that hire external audit services.

The Group was in compliance with all financial obligations as of December 31, 2024, 2023 and 2022 and at the end of each reported quarter, with the exception of subsection “c” of the syndicated loan’s financial obligations during 2022; however, we obtained a waiver from the agent bank before December 31, 2022; therefore, there were no implications for the classification of the syndicated debt. The Management determined that there is no uncertainty regarding compliance with covenants in the next 12 months.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Our research and development efforts consist of constant product innovation with the objectives of refreshing our catalogue content and attracting clients’ repeated purchases and data analytics unit technology in order to improve product development processes. For further details, see “Item 4.B. Information on the Company-Business Overview-Research and Development.”

D. TREND INFORMATION

Supply Chain Disruptions

During 2024, in the months of March and April, we experienced a logistical disruption that caused an increase of up to 300% in international freight costs from March to July, as well as delays in arrivals. To reduce the impact, containment measures were implemented, such as advancing delivery dates and increasing minimum inventory levels to reduce the risk of shortages in the first half of 2024.

New Tariffs to imports worldwide

The United States government and the Trump administration have imposed, and may impose, tariffs on imports from Canada, Mexico, and China, as well as other countries. On April 4, 2025, the United States government announced a new global reciprocal tariff and tariff program, which establishes a minimum tariff of 10% on all goods imported into the United States. These tariffs are set by country and range from 10% for products imported from certain countries to 50% (with the potential to escalate to 145%) for products from China, with certain tariff exceptions currently applied to countries such as Mexico and Canada. As of the date of this annual report, a 90-day tariff pause has been announced, which would be reduced to 10% for all trading partners except China. However, uncertainty remains regarding the timing and potential implementation of the tariffs on Mexico. The potential impact on the Company’s results and financial condition resulting from the imposition of these tariffs cannot be determined with certainty. The Company’s management continues to monitor the impacts of the tariffs on its operations.

Our primary strategy to counteract the effects of new import tariffs, mainly in our home organization segment, is to develop products with national suppliers as a potential containment measure. However, we are also working to implement additional strategies.

Other than as discussed above and disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2024 that are reasonably likely to have a material and adverse effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information in this annual report to be not necessarily indicative of our future results of operations or financial condition.

E. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

See —Note 4 “Critical accounting judgments and key sources of estimation uncertainty” to the Audited Consolidated Financial Statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

Set forth below is information concerning our officers and directors as of the date of this annual report. Our executive officers are appointed by the board of directors to serve in their roles. Each executive officer is appointed for such term as may be prescribed by the board of directors or until a successor has been chosen and qualified or until such officer’s death, resignation or removal. Unless otherwise indicated, the business address of all of our executive officers and directors is Luis Enrique Williams, 549, Colonia Belenes Norte, Zapopan Jalisco, México C.P.45145.

Name	Age	Position Held
Luis German Campos Orozco	72	Chairman of the Board
Andres Campos Chevallier	42	Group Chief Executive Officer and Board Member
Santiago Campos Chevallier	33	Managing Director of BWM and Board Member
Rodrigo Muñoz Gomez	52	Corporate Chief Financial Officer
Mauricio Alvarez Morphy	55	Corporate Chief Information Officer
Leonardo de Jesus Ayala Latapí	53	Corporate Chief Business Intelligence Officer
José Carlos Gómez Rosales	65	Corporate Chief Operation and Logistics
Pilar Sanchez Valdovinos	49	Managing Director of JAFRA Mexico
Travis Miller	40	Managing Director of Betterware US
Ana Cecilia Augusto	55	Managing Director of Betterware Andean Region
Jose de Jesus Valdez Simancas	72	Independent Board Member
Dr. Martin M. Werner Wainfeld	61	Independent Board Member
Federico Clariond Domene	50	Independent Board Member
Salvador Alva Gomez	70	Independent Board Member
Silvia Lucia Davila Kreimerman	54	Independent Board Member
Diego Gaxiola Cuevas	53	Independent Board Member
Olga Margarita Botero Pelaez	61	Independent Board Member
Reynaldo Vizcarra Mendez	58	Secretary

Background of Our Officers and Directors

The Group's board of directors is composed of the following members and a non-member Secretary:

- **Luis Campos** has been in the direct-to-consumer business for more than 30 years. He has been chairman of BeFra Group since he bought Betterware de México in 2001. Prior to BeFra, Mr. Campos served as Chairman of Tupperware Americas (1994 – 1999), Chairman of Sara Lee — House of Fuller Mexico (1991 – 1993), and Chairman of Hasbro Mexico (1984 – 1990). Mr. Luis Campos is an active member of the “Consejo Nacional de Comunicación”, an active member of the “Consejo Consultivo” or Regional Board of Citibanamex and Regional Board of BBVA in Mexico, and he was an active member of the Direct Selling Association, The Latin America Regional Managers' Club, The Conference Board, and a board member of the Economic Development Commission of Mid Florida, Casa Alianza-Covenant House, The Metro Orlando International Affairs Commission, SunTrust Bank and Casa de Mexico de la Florida Central, Inc. Mr. Campos was selected to serve on BeFra's board of directors due to his extensive experience in consumer product companies, especially in the direct sales, as well as his relevant top-level experience in American public multinational companies. Luis Campos is the father of Andres and Santiago Campos.
- **Andres Campos** assumed and has been CEO of BeFra Group since January 4, 2024, which includes the Betterware and Jafra brands, both in Mexico and abroad, reporting directly to Luis Campos, Chairman of the Board. Prior to becoming CEO, within the Company, Andres Campos served as CEO of Betterware México (2018 – 2024), Commercial Director (2014 – 2018) and Strategy and New Businesses Director (2012 – 2014). Prior to Betterware, Mr. Campos worked in Banamex Corporate Banking area (2012 – 2014) and in KPMG as an Auditor (2004 – 2005). Andres holds a bachelor's degree in Business Administration from Instituto Tecnológico y de Estudios Superiores de Monterrey and an MBA from Cornell University. During his twelve years in BeFra, Andres has been a key contributor to the company's different stages of outstanding growth, where his leadership strength and strategic vision added to the company's overall success. Andres Campos is son of Luis Campos and brother of Santiago Campos.
- **Santiago Campos** assumed and has served as Managing Director of Betterware Mexico since January 4, 2024, reporting directly to Andres Campos. Prior to becoming Managing Director, Santiago Campos served as Director of Innovation and Communication at Betterware (2018-2024). Before assuming the CMO role in 2019, he worked rotational periods with the Sales team, and lived in China for 6 months working with our Quality team. Prior to joining Betterware, he served as Commercial Director at a local Real Estate Development company. Santiago holds a bachelor's degree in public accounting and finance from Instituto Tecnológico y de Estudios Superiores de Monterrey, LEAD Professional Degree from Stanford University and Design Thinking Certificate from Kellogg Executive Education. Santiago was selected to serve on BeFra's board of directors due to his instinct in product innovation and household needs in the Company's market target group. Santiago Campos is son of Luis Campos and brother of Andres Campos.
- **Rodrigo Muñoz:** Mr. Muñoz joins BeFra Group from Grupo Devlyn, the leading eyewear retailer in Mexico, where he has served as CFO for the past 4 years. He served as Regional CFO (Mexico) and FP&A Director of Alsea (BMW: ALSEA), a leading Quick Service Restaurant (QSR), coffee shop, and Casual Dining Restaurant operator in Latin America and Europe. He has also held CFO positions for “Grupo Diniz, Creel, García-Cuellar, Aiza & Enriquez” and various subsidiaries in Grupo Televisa. Mr. Muñoz received an MBA in Finance from IPADE Business School and a B.A. in Finance from Universidad Tecnológica de México, both in Mexico City.

- **Mauricio Alvarez** joined to BeFra Group as CIO in August 2020 responsible for information technology spanning applications, data, cybersecurity and infrastructure, all a vital part of nearly every aspect of our customer and service experience. Mauricio joined BeFra from multinational customer experience companies including Atento where he was Chief Information Officer for the US, Mexico, and Central America. Before Atento, Mauricio co-founded Flip Technologies, a SaaS provider for nonprofit organizations and held various IT & Innovation leadership roles of increasing responsibility at The Coca-Cola Company globally. Mauricio holds a bachelor's degree in computer systems from the Universidad Iberoamericana in Mexico City.
- **Leonardo Ayala** has worked for eleven years developing business analysis capabilities for BeFra Group. Previously he held positions in Business Analysis and Commercial Strategy for telecommunications companies such as Telefónica Movistar (2007-2012) and in the financial sector (Grupo Profuturo 1996-2006). Leonardo holds a B.A. in Business Administration from Universidad Nacional Autónoma de México (UNAM).
- **José Carlos Gómez** has established himself as a strategic and decisive global leader, with 33 years of experience in multinational consumer products and cosmetics. Within Jafra he has focused on elevating the Company's brand and value, as well as improving the customer experience through the people-first approach. He maintains a leadership style that allows him to share different perspectives and bring diversity to drive change and operational excellence in the business. He graduated as a Food Engineer and has a Master's in Finance from the Universidad de las Américas, Puebla. He also has a Diploma in Supply Chain Innovation from Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), coursed programs in Leadership Development, Human Resources Management, Marketing, and Management Practices in different institutions such as Harvard Business School, Polytechnic University of Valencia, Spain and AOA Intercultural Nantes France.
- **Pilar Sanchez** joined Jafra Mexico with extensive experience in leading consumer goods organizations, driving categories growth, building brands value, launching breakthrough innovation, and developing high-performance teams. In her previous experience she served as Chief Marketing Officer of Mondelez Mexico, and before that, she held various local, regional, and global positions of increasing responsibility at PepsiCo for 17 years, serving in broad functional roles such as marketing, innovation, strategy, and R&D. Pilar has immersed herself into the business since joining the company in July, 2023, and has been appointed as the Managing Director of Jafra Mexico, effective January 1, 2024.
- **Travis Miller** is a seasoned executive with a track record of driving growth, optimizing operations, and leading high-performing teams across international markets. He has led strategic initiatives that generated over Ps.170 million in annual revenue, expanded market presence in the U.S., Canada, Mexico, EMEA, Australia, and New Zealand, and revitalized underperforming markets with triple-digit growth. Fluent in Spanish and skilled in market expansion, Travis excels at empowering teams, streamlining operations, and driving sustainable success. He holds an MBA from Westminster University and a Bachelor's degree in Business Administration from Utah Valley University. In his previous experience he served as General Manager of Young Living Essential Oils during 6 years and was Regional President in Amarre Global during 2 years. Travis has recently become the Managing Director of Betterware U.S., leading the brand's expansion into the United States and driving growth in the world's largest consumer market.

- **Ana Cecilia Augusto** is an executive with extensive experience in business unit management, development of growth strategies and brand management in multinational companies. Her career spans the cosmetic, personal care, fashion and accessories and mass consumption sectors in Latin America. At the transnational Belcorp she assumed strategic positions as Executive Brand Director and Executive Director of eCRM. As a business consultant she worked on strategic projects with the multinationals AJE and Aruma of the Lindley group. Currently, she serves as Managing Director of Betterware Andean Region at Betterware, being in charge of introducing the brand in South America in 2025.
- **Jose de Jesus Valdez.** Mr. Valdez joined Alpek in 1976 and has held several senior management positions such as CEO of Petrocel, Indelpro and Polioles. He was also president of the “Asociación Nacional de la Industria Química” (ANIQ), of the “Comisión Energética de la Confederación de Cámaras Industriales de los Estados Unidos Mexicanos” (CONCAMIN) and of the “Cámara de la Industria de Transformación de Nuevo León” (CANAINTRA). Mr. Valdez is a mechanical engineer and has an MBA from Tecnológico de Monterrey (ITESM) and a master’s degree in industrial engineering from Stanford University. Mr. Valdez was selected to serve on the Company’s board of directors due to his vast experience in Mexican, US and Latin American business and market economy.
- **Dr. Martín M. Werner,** who has served as DD3’s Chief Executive Officer and Chairman of the Board since inception, is a founding partner of DD3 Capital. Prior to founding DD3 Capital in 2016, Dr. Werner worked at Goldman Sachs for 16 years (2000 – 2016) becoming a Managing Director in 2000 and a Partner in 2006. He was co-head of the Investment Banking Division for Latin America and the country head of the Mexico office. Dr. Werner continues to serve as the Chairman of the board of directors of Red de Carreteras de Occidente (RCO), which is one of Mexico’s largest private concessionaires and operates more than 760 kilometers of toll roads and is owned by Goldman Sachs Infrastructure Partners. Prior to his time with Goldman Sachs, Dr. Werner served in the Mexican Treasury Department as the General Director of Public Credit from 1995 to 1997, and as Deputy Minister from 1997 to 1999. Among his numerous activities, he was in charge of restructuring Mexico’s Public debt after the financial crisis of 1994 and 1995. Dr. Werner is the second largest investor of Banca Mifel, a leading mid-market Mexican bank with \$3.3 billion in assets and a credit portfolio of \$2.0 billion; he is also member of the Board of Directors of Grupo Comercial Chedraui, a leading supermarket chain in Mexico and the United States; the Board of Directors of Grupo Aeroportuario Centro Norte, one of Mexico’s largest airport operators; and he is a member of Yale University’s School of Management Advisory Board. Dr. Werner holds a bachelor’s degree in economics from Instituto Tecnológico Autónomo de México (ITAM) and a Ph.D. in economics from Yale University.
- **Federico Clariond** has served as CEO of Valores Aldabra, a single-family office with investments in financial services, aluminum, packaging and consumer goods companies, since 2011, and as CEO of Buro Inmobiliario Nacional, a Real Estate investment vehicle with holdings in the hospitality, industrial, office, and commercial spaces throughout Mexico, since 2015. Prior to Valores Aldabra and Buro Inmobiliario Nacional, from 2007 to 2011, Mr. Clariond served as CEO of Stabilit Mexico, a manufacturer of fiber glass reinforced plastics with operations in Mexico, the United States and Europe, and from 2004 to 2007, as Commercial VP of IMSA Acero. Additionally, he is board member of several companies ranging from the financial services, aluminum, packaging and consumer goods industries. Mr. Clariond is a mechanical engineer and has an MBA from Stanford University. Mr. Clariond was selected to serve on BeFra’s board of directors due to his vast business experience in Mexico’s private investment matters.
- **Salvador Alva** is a consultant, entrepreneur and member of various boards and civil associations. He was President of the Instituto Tecnológico y de Estudios Superiores de Monterrey from 2011 to 2020, President of PepsiCo Latin America from 1983 to 2008 and Vice President of Marketing and Planning of Cervecería Moctezuma from 1972 to 1982. Mr. Alva holds a Bachelor’s degree in Chemical Engineering from UNAM and an MBA from Universidad de las Américas.

- **Silvia Davila** is a proven leader with over 30 years of experience working with leading consumer companies in various roles and possesses deep knowledge of the Latin American market. Silvia Davila currently serves as President of Danone LATAM. She has vast experience in financial and digital transformation achieving sustained business growth. Her leadership style is based on empowerment and team development, consistently building high-performing teams to simplify operations, adding value through processes, and promoting ideas that generate sustained growth. She is determined, committed and passionate, and always a strategic leader who develops people. Silvia joined Danone in 2017 as Regional President LATAM for dairy products, and since 2020, she is a member of the Global Executive Committee and responsible for the operation in Mexico and for all categories in LATAM. Prior to Danone, she worked in Mars (2004-2017), Procter & Gamble (1992-2003) and McDonald's Mexico (1989-1992). Silvia holds a Bachelor's degree in Marketing from UNITEC, where she graduated with honors, a Master's degree in Business Economics from ITESM and post-graduate studies from Harvard, IMD and INSEAD.
- **Diego Gaxiola** Mr. Gaxiola has served as Global CFO for Grupo Bimbo, the world's leading and largest baking company, since 2017, and has over 20 years of experience in similar roles. Previously, Mr. Gaxiola was CFO of Alsea, a leading operator of fast-food establishments, coffee shops and casual restaurants in Latin America and Spain that bear some of the world's leading brands. Prior to Alsea, he worked for Grupo Desc in corporate finance and at Grupo Televisa.

Mr. Gaxiola has a master's degree in finance from Universidad Anáhuac and a bachelor's degree in business administration from the University of Newport and Universidad Iberoamericana.

- **Olga Botero** is the founder and Chair of SECCURI, and founder and CEO of C&S Customers and strategy. She currently serves as independent director of ALTIPAL, the largest consumer goods distribution and marketing company in Colombia, she is a member of the Audit Committee of Grupo Coppel, a Mexican retail and financial company, and has joined the Advisory Board of the Montoya Group, a group with companies in sectors such as Automotive, Music and Real Estate. Additionally, she serves as an independent director at Evertec Inc, is a member of the Audit Committee and Chair of the IT Committee.

Ms. Botero has a Bachelors and Masters degree in computer science from Iowa State University, focused specially on Cyber Security and Encryption. She also has a diploma in Finance from EAFIT University in Colombia, and a diploma in E-Business from EIA University. Ms. Botero has a Scholars Award in General Management from the Kellogg School of Business and has studied various counselors' programs from Stanford, HBS, IESE and Kellogg.

- **Reynaldo Vizcarra** (non-member Secretary) is a member of Baker & McKenzie's Corporate and Transactional Practice Group since 1986. He is a professor at the University Anáhuac Mexico North Campus where he teaches foreign investment as part of the Master of Laws program, and an instructor at Universidad Panamericana's Baker McKenzie Seminar. He joined Baker & McKenzie's Mexico City office in 1986, handling foreign investments, banking and finance matters and international agreements. He also worked in the Chicago office's Latin America Practice Group, advising on investments and acquisitions in Latin America (1996 – 1997). In 2000, Mr. Vizcarra co-founded Baker & McKenzie's Guadalajara office, where he led the Banking & Finance Practice Group. In August 2005, he transferred to Baker McKenzie's Cancun office as a founding member and director mainly handling tourism and real estate projects. In 2009, he transferred back to the Mexico City office, where he was local managing partner for four years and thereafter became National Managing Partner of the Firm in Mexico until August 2018.

B. COMPENSATION

All amounts in this section marked with “Ps.” are in thousands of Mexican pesos unless otherwise noted

For the year ended December 31, 2024, we paid our top management a fixed aggregate compensation of approximately Ps.49,468 plus a variable aggregate compensation for bonuses of approximately Ps.17,829. The amounts payable under the performance bonus depend on the results achieved and include certain qualitative and/or quantitative objectives. Overall, the total executive compensation for 2024 was Ps.67,297.

C. BOARD PRACTICES

Board Committees

The Group’s Audit and Corporate Practices Committee has the following specifications:

Composition

- The Audit and Corporate Practices Committee of the Group consists of three members appointed by the board itself, in accordance with the provisions of the NYSE, the Group’s bylaws and other legal provisions, in the understanding, however, that the chairman of the Audit and Corporate Practices Committee will be elected by the General Assembly of Shareholders of the Group.
- The members of the Audit and Corporate Practices Committee are independent as under NYSE requirements.
- The Audit and Corporate Practices Committee may create one or more sub-committees, to receive support in the performance of its functions. The Audit and Corporate Practices Committee is empowered to designate and remove the members of said sub-committees and to determine their powers.
- As of the date of this annual report, the members of the Audit and Corporate Practices Committee are:
 - i. **Federico Clariond** — Chairman — Federico Clariond has served as CEO of Valores Aldabra, since 2011, and as CEO of Buro Inmobiliario Nacional. Prior to Valores Aldabra and Buro Inmobiliario Nacional, from 2007 to 2011, Mr. Clariond served as CEO of Stabilit Mexico, a manufacturer of fiber glass reinforced plastics with operations in Mexico, the United States and Europe, and from 2004 to 2007, as Commercial VP of IMSA Acero. Additionally, he is board member of several companies. Mr. Clariond is a mechanical engineer and has an MBA from Stanford University. Mr. Clariond was selected to serve on Betterware’s board of directors due to his vast business experience in Mexico’s private investment matters.
 - ii. **Maria Dolores Sanchez** has served as Jafra Mexico’s Managing Director for the past 18 years and as a member of the Betterware Board since June 6th, 2023. On November 6, 2023, she was appointed as the South America Expansion Director, effective January 1, 2024. Ms. Sánchez-Cano will oversee the expansion into the South American markets where the company will initially enter Peru and Colombia. Ms. Sánchez-Cano possesses over 30-years’ experience with the company a. Ms. Sánchez-Cano has a B.A. in Communication from Universidad Iberoamericana.

- iii. **Jose de Jesus Valdez** Mr. Valdez joined Alpek in 1976 and has held several senior management positions such as CEO of Petrocel, Indelpro and Polioles. He was also president of the “Asociación Nacional de la Industria Química” (ANIQ), of the “Comisión Energética de la Confederación de Cámaras Industriales de los Estados Unidos Mexicanos” (CONCAMIN) and of the “Cámara de la Industria de Transformación de Nuevo León” (CANAINTRA). Mr. Valdez is a mechanical engineer and has an MBA from Tecnológico de Monterrey (ITESM) and a master’s degree in industrial engineering from Stanford University. Mr. Valdez was selected to serve on the Company’s board of directors due to his vast experience in Mexican, US and Latin American business and market economy.

Sessions Frequency

- The Audit and Corporate Practices Committee and its sub-committees meet with the necessary frequency for the performance of their duties, at the request of any of its members, the Board of Directors or its Executive President or the General Assembly of Shareholders; in the understanding that it must meet at least 4 (four) times during a calendar year.
- The sessions of the Audit and Corporate Practices Committee and its sub-committees may be held by telephone or videoconference, with the understanding that the Secretary of the respective session must take the corresponding minutes, which must in any case be signed by the Executive President and the respective Secretary, and collect the signatures of the members who participated in the session.

Functions

- Regarding Corporate Practices, the Audit and Corporate Practices Committee will have the functions referred to in the Securities Market Law, especially the provisions of section I (first) of its Article 42 (forty-two), and other applicable legal provisions, as well as those determined by the General Assembly of Shareholders. They will also perform all those functions of which they must render a report in accordance with the provisions of the Securities Market Law. In an enunciative way, but not limited to, it will have the following functions:
- Provide opinions regarding transactions between related parties to the General Assembly of Shareholders and the Board of Directors.
- Develop, recommend and review corporate governance guidelines and guidelines of the Group.
- Recommend modifications to the bylaws of the Group.
- Analyze and review all legislative, regulatory and corporate governance developments that may affect the operations of the Group and make recommendations in this regard to the Board of Directors.
- Prepare and propose the different manuals necessary for the corporate governance of the Group or for compliance with the applicable provisions.
- Define the compensation and performance evaluation policies of the senior executives of the Group.
- Use the best compensation practices to align the interests of the Shareholders and the senior executives of the Group, being able to hire any independent expert necessary for the development of this function.
- Ensure access to market data and best corporate practices through external consultants specialized in the field.

- Develop a plan for the succession of senior executives of the Group.
- In matters of Audit, the Audit and Corporate Practices Committee will have the functions referred to in the Securities Market Law especially the provisions of section II of its Article 42 (forty-two), and other applicable legal provisions, as well as those determined by the General Assembly of Shareholders. They will also perform all those functions of which they must render a report in accordance with the provisions of the Securities Market Law. In an enunciative way, but not limited to, it will have the following functions:
- Determine the need and viability of the fiscal and financial structures of the Group.
- Comment on the financial and fiscal structure of the international expansion of the Group.
- Comment on the financial reports, accounting policies, control and information technology systems of the Group.
- Evaluate and recommend the external auditor of the Group.
- Ensure the independence and efficiency of the internal and external audits of the Group.
- Evaluate the transactions between related parties of the Group, as well as identify possible conflicts of interest derived from them.
- Analyze the financial structure of the Group, in the short, medium and long term, including any financing and refinancing transactions.
- Review and comment on the management of the Group's treasury, risk and exposure to fluctuations in exchange rates and hedging instruments of the Group, whatever their nature or denomination.
- Evaluate the processes and selection of insurance brokers, as well as the coverage and premiums of the Group's insurance policies.

D. EMPLOYEES

The following table provides information regarding the number of our employees for the years 2024, 2023 and 2022, respectively:

	Number of Employees		
	December 31, 2024	December 31, 2023	December 31, 2022
Operations	1,375	1,348	1,528
Sales and marketing	549	520	147
Finance, administration, human resources, IT	410	426	502
Total	2,334	2,294	2,177

E. SHARE OWNERSHIP

Not applicable.

F. DISCLOSURE OF A REGISTRANT'S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our shares as of the date of this annual report:

- each shareholder, or group of affiliated shareholders, who we know beneficially owns more than 5% of our outstanding shares;
- each of our directors and executive officers individually; and
- all directors and executive officers as a group.

As of the date of this annual report, we had 37,316,546 issued and outstanding ordinary shares. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting and/or investment power. Except as otherwise indicated, we believe the beneficial owners of the shares listed below, based on information furnished by them, have sole voting and investment power with respect to the number of shares listed opposite their names. The address for Campalier is Av. Acueducto 6075-A, Local A, Puerta de Hierro, Zapopan, Jalisco, 45116, Mexico.

	Ordinary shares Beneficially Owned as of date of this annual report Ordinary Shares	
	Number	%
<i>Five Percent or More Holders</i>		
Campalier S.A. de C.V. ⁽¹⁾	20,117,829	53.91%
Other Shareholders	17,126,091	45.89%
Total of all our executive officers, directors, independent board members and secretary	—	—

(1) This entity is controlled by Luis Campos, our Board Chairman.

B. RELATED PARTY TRANSACTIONS

All amounts in this section marked with “Ps.” are in thousands of Mexican pesos unless otherwise noted

Other than as disclosed in this annual report and the Audited Consolidated Financial Statements attached hereto and other than in the ordinary course of business, since the beginning of our preceding three financial years, we do not have transactions or loans with the Group’s related parties other than as follows:

On June 23, 2022, our subsidiary Programa Lazos, as borrower, entered into a loan agreement for an amount of Ps.150,000 with Campalier, as lender. As of December 31, 2022, Programa Lazos had withdrawn Ps.120,000 under such loan. Principal amount beared a monthly variable interest rate of TIE plus 349 basis points, and it did not contain a specific maturity date. On August 31, 2023, Programa Lazos repaid the total amount of the loan that it had with Campalier in the amount of Ps.122,500 and entered into a new loan with Betterware de Mexico as a lender, bearing a monthly interest rate of TIE plus 349 basis points.

In October 2023, Betterware de México, S.A.P.I. de C.V. and Campalier, S.A. de C.V., signed a service agreement in which Betterware undertakes to provide Campalier with specialized services in an arm’s length transaction, such as: consulting, accounting and financial advice, with monthly payments. The total amount paid during 2024 and 2023 was Ps. 2,454 and Ps.222, respectively.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED AND COMBINED STATEMENTS AND OTHER FINANCIAL INFORMATION

Our Audited Consolidated Financial Statements are included in Item 18. The Audited Consolidated Financial Statements were audited by independent registered public accounting firm and are accompanied by their audit reports.

Legal Proceedings

We are not involved in or threatened by any material proceeding that we are not adequately insured or indemnified or which, if determined adversely, would have a material adverse effect on our consolidated financial position, results of operations and cash flows.

Dividend Distribution Policy

We have created an Investment Committee which evaluates and recommends the Board of Directors whether or not to pay dividends. As of the date of this annual report, we have not implemented a dividend policy.

B. SIGNIFICANT CHANGES

Except as otherwise disclosed in our Audited Consolidated Financial Statements and elsewhere in this annual report, there have been no significant changes in our business, financial condition or results of operations since December 31, 2024. Please see Note 29 of the Audited Consolidated Financial Statements.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

Our ordinary shares are listed on the NYSE under the symbol “BWMX.”

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

Our ordinary shares began trading on the Nasdaq under the symbol “BWMX,” in connection with our initial public offering, on March 13, 2020. In 2024, we voluntarily de-listed from the Nasdaq and transferred our listing to the NYSE where our shares began trading on June 7, 2024.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

The following is a summary of some of the terms of our ordinary shares, based on our articles of association in place. The following summary is not complete and is subject to, and is qualified in its entirety by reference to, the provisions of our articles of association, and applicable Mexican law, including Mexican corporate law.

General

Betterware is a company incorporated under the Mexican General Corporations Law on June 20, 1995, as a stock corporation with variable capital or “Betterware de México, S.A. de C.V.” (Sociedad Anonima de Capital Variable for its acronym in Spanish) with the initial register file number 195,312 in the Public Registry of Property and Commerce (“Registro Publico de la Propiedad y del Comercio” in Spanish). On June 30, 2020, we became a publicly traded stock corporation with variable capital (Sociedad Anonima Bursatil de Capital Variable in Spanish) with register file number 15416*1 in the Public Registry of Property and Commerce, and finally, on August 2, 2021, Betterware adopted the form of Sociedad Anonima Promotora de Inversion de Capital Variable as a requirement of National Banking and Stock Commission (Comision Nacional Bancaria y de Valores) due to an issuance of bonds. As Betterware is a Mexican corporation, the rights of holders of Betterware’s shares will be governed directly by Mexican law and the Amended and Restated Charter.

Purposes

The Company’s purpose is (i) to establish and manage all types of commercial or civil companies; (ii) purchase and sale, negotiation, marketing, promotion of all types of products, solutions, home accessories, personal use, cleaning, and personal care products, direct or indirect through third parties and (iii) purchase and sale of real estate, among other things.

Shareholder Meetings

- Held at the corporate domicile of the company or, in the case of unanimous resolutions, the place where the shareholders are met.
- Notice:
- A copy of the notice of any shareholders' meeting shall be published not fewer than fifteen (15) calendar days prior to the date of the proposed meeting in the electronic system of the Corporations Publications of the Mexican Ministry of Economy.

Shareholders' Voting Rights

- Any person authorized to vote may be represented at a meeting by a proxy who may speak and vote on behalf of the member.
- Depending on the matter that requires shareholders' approval, the by-laws and Mexican law provide a fixed quorum.
- The annual ordinary shareholders' meeting must have a quorum of at least 50% plus one of the outstanding shares of the company's capital stock and all resolutions shall be approved with the affirmative vote of at least the majority of the present shares. In the event of a second or subsequent call, the general ordinary stockholders' meeting may be validly held regardless of the number of shares represented, and its resolutions shall be valid when adopted by majority vote of the shares represented at the meeting.
- The extraordinary shareholders' meetings must have a quorum of at least 75% of the outstanding shares of the company's capital stock and all resolutions must be approved with the affirmative vote of at least 50% of the outstanding voting shares of the company. In the event of a second or subsequent call, extraordinary general stockholders' meetings may be validly held if 50% of the outstanding voting shares of the company is represented, and their resolutions will be valid if adopted by the favorable vote of shares representing at least 50% of the outstanding voting shares of the company.
- Notwithstanding the provisions of the preceding paragraph, the favorable vote of shares with or without voting rights representing (i) 75% (seventy-five percent) of the Company's outstanding capital stock shall be required to amend the Company's by-laws and (ii) 95% (ninety-five percent) of the capital stock of the Company to resolve and request from the National Banking and Securities Commission the cancellation of the registration of the shares of the Company in the National Securities Registry, under the terms provided in the Securities Market Law and other applicable provisions.
- For special meetings, the rules provided for general extraordinary meetings shall apply considering only the shares of the applicable series or class.
- The annual ordinary shareholders' meeting shall:
 - approve the chief executive officer and board of directors' annual reports; the appointment of the members of the board of directors and statutory examiners; and if applicable, the members of the board or statutory examiners' fees.
 - discuss and approve on the re-appointment, revocation and/or appointment, if any, of one third of the proprietary members and respective alternates of the board of directors that the annual general ordinary meeting resolves to re-appoint, revoke and/or appoint;

- evaluate the independence of independent directors;
- appoint the chairmen of the corporate practices and audit committees;
- decide on the use of the company's profit, if any;
- if applicable, determine the maximum amount of resources that may be used for the acquisition of its own shares;
- approve the execution of transactions whether simultaneously or subsequently by the company or the legal entities it controls within the same fiscal year that may be considered as one and the same transaction that the company when they represent 20% or more of the consolidated assets of the company, based on figures corresponding to the close of the immediately preceding quarter, regardless of the way in which they are applied. Stockholders holding shares with limited or restricted voting rights may vote at such meetings; and
- any other matter that shall be convened with by the general ordinary meeting in accordance with applicable law or that is not specifically reserved for an extraordinary meeting.
- An extraordinary shareholders' meeting shall approve:
 - extension of the company's term;
 - anticipated dissolution of the company;
 - any increase or decrease in the capital stock of the company;
 - any amendment in the company's corporate purpose;
 - any change in the company's nationality;
 - the company's change in any other type of entity or company;
 - any merger;
 - issuance of shares different than ordinary shares and bonds;
 - redemption of shares; and
 - any amendment to the company's by-laws.

Directors

- The board of directors shall have a minimum of 9 and a maximum of 21 members.
- Any shareholder, or group of shareholders, that have 10% or more of the capital stock of the Company has the right to appoint one member of the board of directors.
- The members of the board shall hold office for one year or until the shareholders that have appointed them revoke such appointment. The directors may be reelected as many times as deemed convenient and shall continue in office until their successors have been appointed and taken office.

Fiduciary Duties

- Members of the board owe fiduciary duties in accordance with the Securities Market Law and in the applicable provisions of the stock exchange in which the shares are listed as follows:
- The members of the board of directors must act in accordance with the duty of loyalty provided under Mexican law and in the applicable provisions of the stock exchange in which the shares are listed. The directors and the secretary, in the event they have a conflict of interest, must abstain from participating in the relevant matter and from being present in the deliberation and voting of said matter, without it affecting the quorum required for the installation of the board.
- The members of the board of directors must act in accordance with the duty of care. For such purposes, they shall have the right to request, at any time and in accordance with the terms they deem appropriate, information from the company's officers and the legal entities controlled by the company.
- The breach of any director to his duty of care shall make him jointly and severally liable with other directors who have breached their duty of care or are responsible, for the damages and losses caused to the company, which shall be limited to direct damages and losses, but not punitive or consequential, caused to the company and to the events in which such director acted fraudulently, in bad faith, with gross negligence or unlawfully.

Shareholders' Derivative Actions

- The liability resulting from the breach of the duty of care or the duty of loyalty shall be exclusively in favor of the company or of the legal entity controlled by it or over which it has a significant influence and may be exercised by the company or by the stockholders who, individually or jointly, hold ordinary shares or shares with limited voting rights, restricted or without voting rights, representing 5% or more of the corporate capital in accordance with the provisions of Article 38 of the Securities Market Law.
- The members of the board of directors shall not incur in liability for damages caused to the company or to the legal entities it controls, when a director acts in good faith.

Indemnification of Directors and Officers

- The company shall indemnify and hold harmless the members and the secretary of the board of directors, any of the members of the company's committees, and the relevant officers of the company, in connection with any liability arising from the performance of their duties, including any indemnification for any damage or injury, the necessary amounts to reach any settlement, and any fees and expenses incurred by such persons in connection with the above. Such indemnity shall not apply if any of such persons incurred or committed fraudulent acts, unlawful acts or omissions, or acted in bad faith.

Inspection of Books and Records

- Members of the general public, on payment of a nominal fee, can obtain copies of the public records of the company available at the Public Registry of Commerce, which will include an extract of the company's articles of incorporation with the initial capital stock and any increase in its fixed portion, the initial stockholders and members of the Board, as well as any merger, dissolution or liquidation provision.
- Any person that is registered as a stockholder in the company's stockholder registry book can inspect, with prior written notice to the company, any of the company's books or records.

Anti-takeover Protections

The Board of Directors needs to approve, with at least 66% of its members present in a duly conveyed meeting and with at least 66% of its members favorable vote, any change in Control of the Betterware or the transfer of the 20% or more of Betterware's shares. Such change of Control or transfer must be notified to Betterware and Betterware's shareholders.

The Board of Directors must approve the transfer within the following 90 calendar days after having all documentation the Board deems necessary for its consideration and approval.

In the event the Board of Directors authorizes the transaction, in addition to the Board approval, prior to the closing of the transaction, the person asking for the Board's approval shall make a tender offer for 100% of the outstanding capital stock of the Company, at a price payable in cash not less than the highest of the following:

- the book value per share, in accordance with the latest quarterly financial statements approved by the Board of Directors and presented to the National Banking and Securities Commission or to the applicable securities exchange; or
- the highest closing price per share with respect to transactions in the securities exchange where the shares are placed, published in any of the 365 days prior to the date of the application filed or the authorization granted by the Board of Directors; or
- the highest price paid with respect to the purchase of any shares, during the 365 days immediately before sending of the request or the authorization granted by the Board of Directors.

In each of these cases (items (i) to (iii) above), a premium equal to or greater than 15% shall be paid in respect of the price per share payable in connection with the requested transaction, it the understanding that the Board of Directors may modify, upwards or downwards, the amount of such premium, taking into account the opinion of a reputable investment bank.

The public tender offer must be completed within 90 days of the date of the Board of Directors' authorization, on the understanding that such term may be extended for an additional period of 60 days if the applicable governmental authorizations continue to be pending on the date of expiration of the initial term referred to above.

In the event that the Board of Directors receives on or before closing, an offer from a third party, requesting to make the acquisition of at least the same number of shares, on better terms for the stockholders or holders of shares of Betterware, the Board of Directors shall have the capacity to consider and, if applicable, authorize such second request, revoking the authorization previously granted.

If the transaction is not (i) an acquisition representing the 20% of the capital stock of Betterware, or (ii) a change of Control, it shall be registered in Betterware's Shares Registry Book once authorized by the Board of Directors.

In the event the Board of Directors rejects the transaction, the Secretary of the Board shall summon, within a period of 10 calendar days following such rejection (or within 20 calendar days prior to the termination of the term for the Board of Directors to decide on such request), to a General Ordinary Stockholders' Meeting at which the shareholders may, by the simple majority of the votes of the outstanding shares, ratify the decision of the Board of Directors or revoke such decision. In such case, the shareholders' resolution shall be deemed as final and shall replace any prior rejection by the Board of Directors.

“Control” means in respect of any person, through a person or group of persons, (i) the power to impose, directly or indirectly, by any means, resolutions or decisions, or to veto or prevent such resolutions or decisions from being taken, in any sense, at General Shareholders Meetings, or to appoint or remove the majority of the directors, administrators, managers or their equivalents of said person; (ii) maintain the ownership of any class of shares or rights related thereto which permit, directly or indirectly, the exercise of voting rights in respect of more than 50% of the shares, of whatever nature, with voting rights of such person, and/or (iii) the power to direct, determine, influence, veto or impede, directly or indirectly, the policies and/or decisions of the Board of Directors or of the management, strategy, activities, operations or principal policies of such person, whether through ownership of shares, by contract or agreement, written or oral, or by any other means, regardless of whether such control is apparent or implied.

A copy of the Articles of Association, as amended, is furnished under Item 19. “Exhibits”.

C. MATERIAL CONTRACTS

We do not have material contracts to disclose.

D. EXCHANGE CONTROLS

None.

E. TAXATION

Material U.S. Federal Income Tax Considerations

The following is a summary of the material U.S. federal income tax consequences to U.S. Holders (as defined below) of the ownership and disposition of our ordinary shares. This summary is based upon U.S. federal income tax laws (including the U.S. Internal Revenue Code of 1986, as amended (the “Code”) final, temporary and proposed Treasury regulations, rulings, judicial decisions and administrative pronouncements), all as of the date hereof and such authorities may be repealed, revoked or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those discussed below.

As used herein, the term U.S. Holder means a beneficial owner of one or more of our ordinary shares:

- that is for U.S. federal income tax purposes one of the following:
 - an individual citizen or resident (as defined in Section 7701(b) of the Code) of the United States,
 - a corporation (or other entity that is treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof (including the District of Columbia).
 - an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
 - A trust if (1) a court within the United States can exercise primary supervision over it, and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) the trust was in existence on August 20, 1996, was treated as a domestic trust on the previous day, and has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person;
- who holds the ordinary shares as capital assets for U.S. federal income tax purposes;

- who owns, directly, indirectly or by attribution, less than 10% of the share capital or voting shares of the Company; and
- whose holding is not effectively connected with a business carried on through a permanent establishment in Mexico.

The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of our ordinary shares by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws.

This summary also does not address all of the tax considerations that may apply to holders that are subject to special tax rules, such as U.S. expatriates or former long-term residents of the United States, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, certain financial institutions, dealers and certain traders in securities, (including those that elect to use the mark-to-market method of accounting), banks, regulated investment companies, real estate investment trusts, persons holding ordinary shares as part of a straddle, hedging, conversion or other integrated transaction, controlled foreign corporations or passive foreign investment companies, persons who are required to accelerate the recognition of any item of gross income with respect to the shares of the Company as a result of such income being recognized on an applicable financial statement, persons who acquired their ordinary shares pursuant to the exercise of employee shares options or otherwise as compensation, persons who are liable for the alternative minimum tax, entities or arrangements classified as partnerships for U.S. federal income tax purposes or persons whose functional currency is not the U.S. dollar. Such holders may be subject to U.S. federal income tax consequences different from those set forth below.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds ordinary shares, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. An entity or arrangement treated as a partnership for U.S. federal income tax purposes, or partner in a partnership, is urged to consult its own tax advisor regarding the specific tax consequences of owning and disposing of the ordinary shares.

Except as otherwise noted, this summary assumes that the Company is not a passive foreign investment company (a “PFIC”) for U.S. federal income tax purposes, which the Company believes to be the case. The Company’s possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result for U.S. Holders.

Potential investors in our ordinary shares should consult their own tax advisors concerning the specific U.S. federal, state and local tax consequences of the ownership and disposition of our ordinary shares in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

Taxation of distributions

Subject to the PFIC rules discussed below, distributions received by a U.S. Holder on ordinary shares, including the amount of any Mexican taxes withheld, generally will constitute foreign source dividend income to the extent paid out of the Company’s current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder’s basis in the ordinary shares and thereafter as capital gain. Because the Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that such distributions (including any Mexican taxes withheld) will be reported to U.S. Holders as dividends. U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Company.

Corporate U.S. Holders who own less than 10% of the share capital or voting shares of the Company will not be entitled to claim the dividends received deduction with respect to dividends paid by the Company. A non-corporate recipient of dividend income will generally be subject to tax on dividend income from a “qualified foreign corporation” at a reduced capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that the holding period requirement is met. A non-U.S. corporation (other than a corporation that is classified as a PFIC (defined below) for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation with respect to any dividend it pays on stock which is readily tradable on an established securities market in the United States. The ordinary shares are listed on the NYSE, and should qualify as readily tradable on an established securities market in the United States so long as they are so listed. Therefore, the Company believes that it will be a qualified foreign corporation for purposes of the reduced tax rate, although no assurance can be given that it will continue to be treated as a qualified foreign corporation in the future. Non-corporate U.S. Holders should consult their own tax advisors to determine whether they are subject to any special rules that limit their ability to be taxed at this favorable rate.

If you are a U.S. Holder, the amount of any cash dividend paid in Pesos will be included in your gross income for U.S. federal income tax purposes in an amount equal to the U.S. Dollar value of the gross amount of the Pesos received (*i.e.*, before deduction of any Mexican withholding tax), calculated by reference to the spot exchange rate in effect on the date the dividend is actually or constructively received by you, regardless of whether the Pesos are in fact converted into U.S. Dollars at that time. If the Pesos received as a dividend are converted into U.S. Dollars on the date of receipt, you generally should not recognize foreign currency gain or loss with respect to such dividend. If the Pesos received as a dividend are not converted into U.S. Dollars on the date of receipt, you will have a tax basis in the Pesos equal to their U.S. Dollar value on the date of receipt. Any foreign currency gain or loss recognized on a subsequent conversion or other disposition of the Pesos will be treated as U.S. source ordinary income or loss. U.S. Holders should consult their own tax advisors regarding whether any disposition of Pesos giving rise to foreign currency loss constitutes a reportable transaction for U.S. federal income tax purposes.

Dividends received on ordinary shares will be treated, for United States foreign tax credit purposes, as foreign source income. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any non-United States withholding taxes imposed on dividends received on ordinary shares. These generally applicable limitations and conditions include new requirements adopted by the Treasury in 2021, and any Mexican tax will need to satisfy these requirements in order to be a creditable tax for a U.S. Holder. In the case of a U.S. Holder that is either (i) eligible for, and properly elects to claim, the benefits of the Tax Treaty, or (ii) consistently elects to apply a modified version of these rules pursuant to notices issued by the Internal Revenue Service (the “IRS”), which provide temporary relief from the application of certain aspects of the aforementioned modified rules and complies with specific requirements set forth in such guidance (for tax years ending on or before a date that a notice or other guidance modifying or withdrawing the temporary relief is issued), the Mexican tax on dividends generally will be treated as meeting the new requirements, and therefore as a creditable tax.

Instead of claiming a credit, a U.S. Holder may elect to deduct foreign taxes (including any Mexican taxes) in computing its taxable income, subject to generally applicable limitations. An election to deduct foreign taxes (instead of claiming foreign tax credits) applies to all taxes paid or accrued in the taxable year to foreign countries and possessions of the United States. The limitations on foreign taxes eligible for credit is calculated separately with respect to specific classes of income (e.g., foreign source income). For purposes of the U.S. foreign tax credit limitation, foreign source income is separated into different “baskets,” and the credit for foreign taxes on income in any basket is limited to the U.S. federal income tax allocable to such income. Thus, for example, if a U.S. Holder’s federal income tax rate on dividends paid by us is less than the Mexican withholding taxes imposed on such dividends, the U.S. Holder would not be able to use any excess Mexican withholding taxes as a credit against its U.S. federal income tax liability unless the holder is able to use such credit to offset U.S. federal income taxes payable on other foreign source income in the same basket. For these purposes, dividends paid by us generally will constitute “passive category income.” The rules governing foreign tax credits are complex. Therefore, U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

Taxation upon sale or other disposition of ordinary shares

Subject to the PFIC rules discussed below, a U.S. Holder generally will recognize U.S. source capital gain or loss on the sale or other disposition of ordinary shares, which will be long-term capital gain or loss if the U.S. Holder has held such ordinary shares for more than one year. The amount of the U.S. Holder's gain or loss will be equal to the difference between such U.S. Holder's tax basis in the ordinary shares sold or otherwise disposed of and the amount realized on the sale or other disposition. Net long-term capital gains of non-corporate U.S. Holders, including individuals, may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss that a U.S. Holder recognizes generally will be treated as gain or loss from sources within the United States for U.S. foreign tax credit limitation purposes.

If a Mexican tax is withheld on a sale or other disposition of ordinary shares, the amount realized by a U.S. Holder will include the gross proceeds of the sale or other disposition (i.e., before deduction of the Mexican tax). In the case of a gain from the disposition of ordinary shares that is subject to Mexican tax, the U.S. Holder may not be able to claim as a foreign tax credit any Mexican tax paid, against such U.S. Holder's U.S. federal income tax liability, except in the case of either (i) a U.S. Holder that is eligible for, and properly elects to claim the benefits of the Tax Treaty, as described below, or (ii) a U.S. Holder that consistently elects to apply a modified version of the U.S. foreign tax credit rules pursuant to notices issued by the IRS, which provide temporary relief from the application of certain aspects of the aforementioned modified rules and complies with specific requirements set forth in such guidance (for tax years ending on or before a date that a notice or other guidance modifying or withdrawing the temporary relief is issued). As noted above, capital gain or loss recognized by a U.S. Holder on the sale or other disposition of ordinary shares will generally be treated as U.S. source gain or loss for foreign tax credit purposes, unless such U.S. Holder elects to treat the gain as foreign source pursuant to Article 24(3) of the Tax Treaty (provided the U.S. Holder is eligible for, and properly elects to claim, the benefits of the Tax Treaty). Instead of claiming a credit, a U.S. Holder may elect to deduct foreign taxes (including any Mexican taxes) in computing its taxable income, subject to generally applicable limitations. An election to deduct foreign taxes (instead of claiming foreign tax credits) applies to all taxes paid or accrued in the taxable year to foreign countries and possessions of the United States. In the event the Mexican withholding tax does not qualify as a creditable tax, the amount of such tax would generally reduce the amount realized on the sale, exchange, or other taxable disposition of ordinary shares. The rules governing foreign tax credits are complex. Therefore, U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances.

Additional tax on net investment income

Subject to certain limitations and exceptions, an additional 3.8% federal income tax may be assessed on net investment income (including dividends, other distributions, and gain realized on the sale of ordinary shares) earned by certain U.S. Holders who are individuals, estates, or trusts. This tax does not apply to U.S. Holders who hold ordinary shares in the ordinary course of certain trades or businesses. U.S. Holders should consult their own tax advisors regarding the effect, if any, of the net investment tax on their ownership and disposition of ordinary shares.

Passive foreign investment company rules

The Company believes that it was not a PFIC for its 2023 taxable year and does not expect to be a PFIC for its 2024 taxable year or in the foreseeable future based on the market price of our ordinary shares and the composition of our income and assets, including goodwill. However, the application of the PFIC rules is subject to uncertainty in several respects, and therefore, the IRS may assert that, contrary to our belief, we were a PFIC for a taxable year on the past or will be for a taxable year in the future.

A non-U.S. corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through rules,” either (i) at least 75% of its gross income for a taxable year is “passive income” or (ii) at least 50% of the average value of its assets (based on an average of the quarterly value of the assets during such year) is attributable to assets, including cash, which produce passive income or are held for the production of passive income. However, because PFIC status depends upon the composition of the Company’s income and assets and the market value of its assets (including, among others, less than 25% owned equity investments) from time to time, there can be no assurance that the Company will not be considered a PFIC for any taxable year.

If the Company were a PFIC for any taxable year during which a U.S. Holder held ordinary shares, unless the U.S. Holder makes a mark-to-market election as discussed below, gain recognized by a U.S. Holder on a sale or other disposition of an ordinary shares would be allocated ratably over the U.S. Holder’s holding period for the ordinary shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, and an interest charge at the rates generally applicable to underpayments of tax payable in those years would be imposed on the resulting tax liability. The same treatment would apply to any distribution in respect of ordinary shares to the extent such distribution exceeds 125% of the average of the annual distributions on ordinary shares received by the U.S. Holder during the preceding three years or the U.S. Holder’s holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the ordinary shares.

In addition, if the Company were treated as a PFIC in a taxable year in which it pays a dividend or in the prior taxable year, the reduced rate discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

In certain circumstances, instead of being subject to the excess distribution rules discussed above, a U.S. Holder may make an election to include gain on the ordinary shares of a PFIC as ordinary income under a mark-to-market method, provided that the ordinary shares are regularly traded on a qualified exchange. Under current law, the mark-to-market election is only available for ordinary shares that are regularly traded within the meaning of U.S. Treasury regulations on certain designated U.S. exchanges and foreign exchanges that meet trading, listing, financial disclosure and other requirements to be treated as a qualified exchange under applicable U.S. Treasury regulations. The NYSE is a qualified exchange, and therefore the mark-to-market election should be available for U.S. Holders of our ordinary shares.

If a U.S. Holder makes a mark-to-market election, the U.S. Holder will include each year as ordinary income, rather than capital gain, the excess, if any, of the fair market value of the U.S. Holder’s ordinary shares at the end of the taxable year over such U.S. Holder’s adjusted basis in the ordinary shares and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of these ordinary shares over their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder’s basis in the ordinary shares will be adjusted to reflect any such income or loss amounts. Any gain or loss on the sale of the ordinary shares will be ordinary income or loss, except that this loss will be ordinary loss only to the extent of the previously included net mark-to-market gain.

If we are a PFIC and we have any direct, and in certain circumstances, indirect subsidiaries that are PFICs (each a “Subsidiary PFIC”), a U.S. Holder will be treated as owning its pro rata share of the stock of each such Subsidiary PFIC and will be subject to the PFIC rules with respect to each such Subsidiary PFIC. A U.S. Holder may not make a mark-to-market election with respect to the shares of any Subsidiary PFIC. Thus, the mark-to-market election is not available to mitigate the adverse tax consequences attributable to any Subsidiary PFIC.

If a non-U.S. corporation is a PFIC, a holder of shares in that corporation may avoid taxation under the PFIC rules described above regarding excess distributions and recognized gains by making a “qualified electing fund” election to include in income its share of the corporation’s income on a current basis. However, you may make a qualified election fund election with respect to our ordinary shares only if we agree to furnish you annually with certain tax information. And we currently do not intend to prepare or provide such information.

A U.S. Holder who owns, or is treated as owning, PFIC stock during any taxable year in which the Company is a PFIC would generally be required to file IRS Form 8621 annually. U.S. Holders should consult their tax advisors regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime.

Information reporting and backup withholding

Under U.S. federal income tax law and the Treasury regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, U.S. Holders that hold certain specified foreign financial assets in excess of U.S.\$50,000 on the last day of the taxable year or US\$ 75,000 at any time during the taxable year are generally subject to U.S. return disclosure obligations (and related penalties). The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U. S. Holders may be subject to these reporting requirements unless their ordinary shares are held in an account at a domestic financial institution. Penalties for failure to file certain of these information returns are substantial.

Payments of dividends and sales proceeds with respect to ordinary shares by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide a correct taxpayer identification number or certification that it is not subject to backup withholding. Certain U.S. Holders are not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder’s U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

U.S. Holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership or disposition of ordinary shares, including requirements related to the holding of certain foreign financial assets.

Material Mexico Income Tax Considerations

The following is a summary of the material Mexican federal income tax consequences to U.S. holders and other non-Mexican holders of the purchase, ownership and disposition of our shares. The summary of Mexican tax considerations does not purport to be a comprehensive description of all the Mexican tax considerations that may be relevant to a decision to purchase, own or dispose of shares and does not address all of the Mexican tax consequences that may be applicable to specific holders of the shares (including a holder that controls the Company, an investor that holds 10% or more of shares by vote or value or holders that constitute a group of persons for purposes of Mexican law that controls the Company or that holds 10% or more of the shares by vote or value, or a holder that is a resident of Mexico or that is a corporation resident in a tax haven (as defined in the Mexican Income Tax Law)). In addition, the summary does not address any U.S. or Mexican state or local tax considerations that may be relevant to a U.S. holder or to other non-Mexican holders.

The summary is based upon the federal income tax laws of the United Mexican States (hereinafter “Mexico”) as in effect on the date of this annual report on Form 20-F, including the provisions of The Convention between the Government of the United States of America and the Government of the United Mexican States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, together with related Protocols and Competent Authority Agreements (hereinafter “U.S.-Mexico Tax Treaty”), all of which are subject to change, possibly with retroactive effect. Prospective investors in our shares should consult their own tax advisors as to the U.S., Mexican or other tax consequences of the purchase, ownership and disposition of shares, including, in particular, the effect of any foreign, state or local tax laws and their entitlement to the benefits, if any, afforded by the U.S.-Mexico Tax Treaty.

For purposes of this summary, the term “non-Mexican holder” shall mean a holder that is not a resident of Mexico for federal tax purposes and that does not have a permanent establishment or fixed base in Mexico.

For purposes of Mexican taxation, the definition of residency is highly technical and residency results in several situations. Generally, an individual is a resident of Mexico if he or she has established his or her home in Mexico, an individual who has a home in Mexico and another country will be considered to be a resident of Mexico if he or she has his or her center of vital interest in Mexico. A legal entity is a resident if it has established its principal administration of its business or its place of effective management in Mexico. However, any determination of residence should take into account the particular situation of each person or legal entity. If a legal entity or an individual is deemed to have a permanent establishment in Mexico for Mexican tax purposes, all income attributable to that permanent establishment will be subject to Mexican income taxes, in accordance with applicable tax laws.

Taxation of Dividends

Under the Mexican Income Tax Law, dividends paid to individuals that are Mexican residents, or to any non-Mexican holders are subject to a 10.0% withholding tax if paid from earnings generated during and after 2014 but are not subject to Mexican withholding tax if paid from earnings generated before 2014. Non-Mexican holders may be subject to withholding tax at reduced rates or exempt if they are eligible for benefits under an applicable tax treaty with Mexico. U.S. holders that are eligible to claim the benefits of the U.S.-Mexico Tax Treaty may be exempt or subject to a lower withholding tax rate on dividends when they meet the corresponding requirements and are qualified to apply such benefits.

Taxation of Dispositions of Shares

Subject to applicable tax treaties, any gain on the sale of our shares by any non-Mexican holders is subject to a 10.0% withholding tax in Mexico on the net gain from the sale if the transaction is carried out through the Mexican Stock Exchange. These taxes are paid through withholdings made by the financial intermediary. However, if the transaction is carried out through the Mexican Stock Exchange or other recognized securities market as determined by Mexican tax authorities, these withholdings will not be applicable to a non-resident holder that demonstrates (before the relevant financial intermediary) residence in a country with which Mexico holds a tax treaty to avoid double taxation. The non-Mexican holder must provide the financial intermediary with a signed document stating that the non-Mexican holder is a foreign resident and that their country of residence has a tax treaty to avoid double taxation with Mexico and provide their Tax ID.

Subject to applicable tax treaties, the sale or transfer of shares outside of the Mexican Stock Exchange or other recognized securities market as determined by Mexican tax authorities, made by non-Mexican holders will give rise to a 25.0% Mexican withholding tax on the gross proceeds realized from the transaction. Subject to certain exceptions and requirements, a non-Mexican holder may elect to pay taxes on the gains realized from the sale of shares on a net basis at a rate of 35.0%. U.S. holders that are eligible to claim the benefits of the U.S.-Mexico Tax Treaty, may be exempt on the gains realized from the sale of our shares if they meet the corresponding requirements and are qualified to apply such benefits when such U.S. holder did not own, directly or indirectly, 25.0% or more of our outstanding shares during the 12-month period preceding such sale or disposition and the gains are not attributable to a permanent establishment in Mexico. U.S. holders should consult their own tax advisors as to their possible eligibility under the U.S.-Mexico Tax Treaty. Non-U.S. holders should consult their own tax advisors as to their possible eligibility to tax benefits under other treaties to avoid double taxation.

Other Mexican Taxes

There are no Mexican inheritance, gift, succession or value-added taxes applicable to the ownership, transfer or disposition of the Shares by non-Mexican holders; provided, however, that gratuitous transfers of shares may in certain circumstances cause a Mexican federal tax to be imposed upon the recipient. There are no Mexican stamp, issue, registration or similar taxes or duties payable by non-Mexican holders of shares.

F. DIVIDENDS AND PAYING AGENTS.

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We make our filings in electronic form under the EDGAR filing system of the SEC. Our filings are available through the EDGAR system at www.sec.gov. Our filings are also available to the public through the Internet at our website at <https://investors.betterware.com.mx/>. Such filings and other information on our website are not incorporated by reference in this annual report. Interested parties may request a copy of this filing, and any other report, at no cost, by writing to the following email address: ir@better.com.mx.

I. SUBSIDIARY INFORMATION

Not applicable.

J. ANNUAL REPORT TO SECURITY HOLDERS

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES REGARDING MARKET RISK

We are exposed to market risks arising from our normal business activities, which mainly consists of exchange rate risk and interest rate risk. These market risks principally involve the possibility that fluctuations in exchange rates and interest rates will adversely affect the value of our financial assets and liabilities, or future cash flows and earnings. Market risk is the potential loss arising from adverse changes in market rates and prices.

Market risk

Our activities expose it primarily to the financial risks of changes in exchange rates and interest rates (see below). We entered into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- In order to reduce the risks related to fluctuations in the exchange rate of foreign currency, we use derivative financial instruments such as forwards to adjust exposures resulting from foreign exchange currency.

- The Group's practices vary from time to time depending on judgments about the level of risk, expectations of change in the movements of interest rates derived from the credit lines and bond issuance used.

	December 31, 2024	December 31, 2023	December 31, 2022
	Long-term debt and borrowings	Long-term debt and borrowings	Long-term debt and borrowings
Fair value. ⁽¹⁾	Ps. 4,784,754	5,145,691	6,489,926

(1) The fair value of the long term bond in 2024, 2023 and 2022, was calculated based on level 1 of the value hierarchy, since its price is quoted in an active market on that date, meanwhile the fair value of borrowings for the same years was calculated using the discounted cash flow method and the Interbank Equilibrium Interest Rate ("TIE", for its acronym in Spanish), adjusted for credit risk, and used to discount future cash flows.

Exchange risk management

We undertake transactions denominated in foreign currencies, mainly U.S. dollars; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

Our carrying amounts of U.S. dollars, Euro ("€") and India rupee ("Rp") and denominated financial assets and financial liabilities at the reporting date are as follows:

	December 31, 2024		December 31, 2023		December 31, 2022		
	US\$	€\$	US\$	€\$	US\$	€\$	Rp\$
Financial assets	14,907	52	13,324	2	13,006	105	60,340
Financial liabilities	(41,658)	(129)	(35,186)	(43)	(23,142)	(78)	-
Net position	(26,751)	(77)	(21,862)	(41)	(10,136)	27	60,340
Closing exchange rate of the year	20.2683	21.5241	16.8935	18.6896	19.3615	20.7693	0.0013

Exchange rate sensitivity analysis

We are mainly exposed to variations in the Mexican Peso / the U.S. Dollar exchange rate. For sensitivity analysis purposes, we have determined a 10% increase and decrease in Ps. currency units against the U.S. dollar ("relevant currency"). A 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated financial assets/liabilities and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where currency units strengthen 10% against the relevant currency. For a 10% weakening of currency units against the relevant currency, there would be a comparable impact on the net income, and the balances below would be negative.

	December 31, 2024	December 31, 2023	December 31, 2022
	US\$	US\$	US\$
Impact on net income	54,385	37,009	19,490

Foreign exchange forward contracts

We enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated purchase transactions up to 12 months.

See Note 19 to our Audited Consolidated Financial Statements for details on foreign currency forward contracts outstanding at the end of the reporting period. Foreign currency forward contract assets and liabilities are disclosed in the line item 'Derivative financial instruments' within the consolidated statement of financial position.

We have entered into contracts to purchase raw materials from suppliers in China, with such purchases denominated in U.S. dollars. We have entered into foreign exchange forward contracts to hedge the exchange rate risk arising from future payments in US dollars.

Interest rate risk management

We are exposed to interest rate risk from borrowings at variable interest rates (67% of long-term debt uses variable rates and 33% uses fixed rates). We manage the risk by maintaining an appropriate balance between fixed and variable rate borrowings.

Our exposures to interest rates on financial liabilities are detailed in the section of liquidity risk management in our Audited Consolidated Financial Statements.

Credit risk management

Our exposure to credit risk concentration is not significant as no customer represents more than 10% of sales and receivables. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated, spread across diverse geographical areas. Credit policy has been implemented for each customer establishing purchase limits. Customers who do not satisfy the credit references set out by us, can only carry out transactions with the Group through prepayment.

See Note 6 in our Audited Consolidated Financial Statements, for further details on trade account receivables and the expected credit loss estimate.

Collateral held as security and other credit enhancements

We do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Our exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss/gain to us. As of December 31, 2024, our maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to us due to failure to discharge an obligation by the counterparties and financial guarantees provided, arises from the carrying amount of the respective recognized financial assets as stated in our consolidated statement of financial position.

For trade receivables, we have applied the simplified approach to measure the loss allowance at lifetime ECL. We determine the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, determined by the last 3 years plus the current period, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Our Note 6 in our Audited Consolidated Financial Statements includes further details on the loss allowance for these assets.

Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of our short, medium and long-term funding and liquidity management requirements. We manage liquidity risk by maintaining adequate reserves, banking facilities, and reserve borrowing facilities, by continuously monitoring the forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity maturity analysis

We manage our liquidity risk by maintaining adequate reserves of cash and bank credit lines available and consistently monitoring its projected and actual cash flows. The maturity analysis of lease liabilities and long-term debt maturities effective in 2024, 2023 and 2022 are presented in Note 14 and 16, respectively in our Audited Consolidated Financial Statements. We have access to financing facilities as described below.

Bank credit lines and long-term debt		2024	2023	2022
Amount used	Ps.	4,771,474	5,063,974	6,198,695
Amount not used		1,180,000	1,980,000	1,380,000
Total credit lines and long-term debt	Ps.	5,951,474	7,043,974	7,578,695

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY SHARES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

A. DISCLOSURE CONTROLS AND PROCEDURES

Our Chief Executive Officer (CEO) and Chief Corporate Financial Officer (CCFO) are responsible for implementing disclosure controls and procedures to ensure that the information required to be disclosed by the Group in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Such information is necessary for our officers who certify our financial reports and for other members of senior management and the CEO and CCFO as appropriate to allow timely decisions regarding required disclosure. Because of these inherent limitations, our disclosure controls and procedures may not prevent or detect misstatements. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The CEO and CCFO oversee and review all materials for which there is a disclosure requirement, together with all data required to support the documents mentioned above. These executives meet at regular intervals in order to review all data. Our CEO and CCFO conducted an evaluation of the effectiveness of our disclosure controls and procedures (pursuant to Rule 13a-15(e) under the Exchange Act) as of December 31, 2024. Based on that evaluation, our CEO and CCFO have concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2024, due to the existence of material weaknesses in our internal controls over financial reporting.

See Exhibits 12.1 and 12.2 for the certifications required by this Item.

B. MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Betterware's management is responsible for establishing and maintaining adequate internal control over financial reporting for Betterware as defined in Exchange Act Rule 13a-15(f) and 15d-15(f). Our internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Betterware;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures of Betterware are being made only in accordance with authorizations of Management and directors of Betterware; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Betterware's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements due to the possibility that a control can be circumvented or overridden or that misstatements due to error or fraud may occur that are not detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that a reasonable possibility exists that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis.

As of December 31, 2024, our management assessed the effectiveness of our internal control over financial reporting based on the criteria of Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

Our assessment concluded the following material weaknesses.

The Company did not design and maintain an effective control environment, risk assessment process, and monitoring activities at a precise enough level to identify and timely assess new and evolving risks of material misstatement in the Company's consolidated financial statements. Specifically, there was a lack of controls to address (a) significant changes in the business, (b) the experience and training of personnel, (c) sufficient oversight of the design and effectiveness of the internal control over financial reporting, and (d) the monitoring that the components of the Company's internal controls are present and functioning. These material weaknesses contributed to the following additional material weaknesses:

- (i) the effectiveness of the controls over business combination process. Specifically, the Company did not design and maintain controls to determine the goodwill and long-lived assets at acquisition and its ongoing impairment assessment, including controls over the review of the data and assumptions used to determine the fair value of the assets and liabilities and the recoverable amount;
- (ii) the effectiveness of the controls over substantially all accounts and disclosures in the period-end financial reporting and consolidation process. Specifically, the Company did not design and maintain formal accounting policies, procedures and controls to ensure complete, accurate and timely reporting in the consolidated financial statements; and
- (iii) the effectiveness of information technology ("IT") general controls for information systems that are relevant to the preparation of the Company's consolidated financial statements, including control over change management, user access, computer operations and program development.

These material weaknesses resulted in the restatement to previously issued consolidated financial statements as of the years ended December 31, 2023 and 2022 and also in the revision of the unaudited quarterly consolidated financial statements for the quarters ended March 31, June 30, and September 30, for the year 2024; March 31, June 30, September 30 and December 31, for the year 2023; and June 30, September 30 and December 31, for the year 2022. Additionally, these material weaknesses could result in further misstatements of substantially all account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

We are in the process of implementing several measures to strengthen our internal control over financial reporting such as the deployment of IT applications to enable and automate the consolidation, creation and updating of policies and procedures for internal control reporting, creation of an internal control area which shall be responsible of monitoring the internal control, and IT General Control process as implementation of new tools for managing IT system changes such as ITSM.

Notwithstanding the material weaknesses in our internal control over financial reporting, we have concluded that the Consolidated Financial Statements included in this annual report present fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with IFRS.

We are actively implementing several measures designed to remediate these material weaknesses, including deploying advanced IT applications for financial consolidation, standardizing accounting policies and procedures, and enhancing our internal control oversight through dedicated governance structures and increased involvement from our Audit Committee. Additionally, we have engaged external advisory experts to strengthen key control areas, mainly IT General Controls.

In 2025, we will execute a comprehensive rollout of the COSO framework, placing particular emphasis on enhancing our Risk Assessment, Control Activities, and Monitoring processes to ensure a sustainable and effective internal control environment.

Although significant progress has been made, not all remediation efforts have been fully completed as of December 31, 2024. Management has established clear timelines, anticipating substantial advancement in remediation during 2025, and expects these actions will fully address the identified material weaknesses by year-end. In the interim, management continues performing supplemental manual controls and additional monitoring activities to ensure accurate financial reporting.

Management conducted an evaluation of the effectiveness of Betterware's internal control over financial reporting based on the framework in Internal Control – Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013"). Based on its evaluation, Management concluded that Betterware's internal control over financial reporting was not effective as of December 31, 2024.

C. ATTESTATION REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROLS

PricewaterhouseCoopers, S.C., the Company's independent registered public accounting firm, has audited the effectiveness of the Company's internal controls over financial reporting as of December 31, 2024, as stated in their report which appears in "*Item 18. Financial Statements.*"

D. CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During 2024, we implemented certain changes in our internal control over financial reporting to address our material weaknesses identified in 2023 and 2022, which include:

- Completed the design and initial implementation of an Internal Control over Financial Reporting (ICFR) program, aligned with recognized control frameworks such as COSO and COBIT.

Our ICFR program emphasizes the identification, documentation, and testing of the controls intended to mitigate the risk of material financial statement misstatements and is the basis to assess the effectiveness of our ICFR as of the end of each fiscal year.

- Documented key controls, clearly defining how transactions are initiated, authorized, recorded, processed, corrected as necessary, transferred to the general ledger and finally reported in our consolidated financial statements;
- Finalized the implementation of the controls intended to mitigate risks on areas of higher risk to financial reporting.
- Established a remediation plan, clearly identifying existing deficiencies, defining required controls and setting concrete timelines for complete implementation and validation.

Despite these improvements, we acknowledge that certain material weaknesses in our ICFR have not yet been fully remediated. We remain committed to ongoing enhancements to achieve the required maturity level and eliminate these material weaknesses.

ITEM 16. Reserved**ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

See “Directors, Senior Management and Employees—Board Practices—Board Committees—Audit Committee.” Our Board of Directors has determined that Federico Clariond qualifies as an “audit committee financial expert” under applicable SEC rules.

ITEM 16B. CODE OF ETHICS

We have a Code of Ethics that applies to all directors, officers and employees of the Group, including our Chief Executive Officers, Chief Financial Officers, principal accounting officers, controller and persons performing similar functions. Our Code of Ethics is included as an exhibit to this annual report on Form 20-F.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES*Fees Paid to the Company’s Principal Accountant*

The following table sets forth the fees for the years 2024, 2023 and 2022, respectively:

	For the Year Ended		
	December 31, 2024	December 31, 2023	December 31, 2022
		(in thousands of Ps.)	
Audit fees	27,401	23,275	17,015
Audit related fees	-	-	312
Other fees	995	2,239	2,005
Total	28,396	25,514	19,332

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the Consolidated Financial Statements and the statutory financial statements of the Group.

Audit-Related Fees

Audit-related fees are typically services that are reasonably related to the performance of the audit or review of the Consolidated Financial Statements and are not reported under the audit fee item above. This item includes fees for attestation services on financial information of the Group included in the Group’s registration statements on Form F-1 and Form F-4 as well as its listing process in the Bolsa Institucional de Valores (“BIVA”, Mexican Stock Exchange) in 2021 the listing process in Bolsa Mexicana de Valores (“BMV”).

Other Fees

Other fees were paid for transfer pricing services and social security compliance.

Audit Committee’s Pre-approval Policies and Procedures

The Group’s audit committee is responsible for, among other things, the oversight of the Group’s independent auditors. The audit committee has adopted a policy of pre-approval of audit and permissible non-audit services provided by its independent auditors in its charter.

Under the policy, the audit committee makes its recommendations through the Board of Directors to the shareholders' meeting concerning the continuing appointment or termination of the Group's independent auditors. On a yearly basis, the audit committee reviews together with management and the independent auditor, the audit plan, audit related services and other non-audit services and approves the related fees. Any changes to the approved fees must be reviewed and approved by the audit committee. In addition, the audit committee delegated to its Chairman the authority to consider and approve, on behalf of the Audit Committee, additional non-audit services that were not recognized at the time of engagement, which must be reported to the other members of the audit committee at its next meeting. No services outside the scope of the audit committee's approval can be undertaken by the independent auditor.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a Mexican company listed on the NYSE, we are subject to the NYSE corporate governance listing standards. However, the NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in Mexico, which is our home country, may differ significantly from the NYSE corporate governance listing standards. Currently, we rely on home country practice. As a result, our shareholders could be subject to less protection than they would otherwise enjoy under the NYSE corporate governance listing standards applicable to U.S. domestic issuers.

A foreign private issuer must disclose in its annual reports filed with the SEC each NYSE requirement with which it does not comply followed by a description of its applicable home country practice. As a Mexican corporation listed on the NYSE, the Company is permitted to follow our home country practice with respect to the composition of the board of directors and nominations committee and executive sessions. Unlike the requirements of the NYSE, the corporate governance practices and requirements in Mexico do not require the Company to (i) have a majority of its board of directors to be independent, (ii) establish a nominations committee or a compensation committee, and (iii) hold regular executive sessions where only independent directors shall be present. Such home country practices of Mexico may afford less protection to holders of Company shares than under U.S. standards.

See "Risk Factors—As a "foreign private issuer" under the rules and regulations of the SEC, Betterware is permitted to, and is expected to, file less or different information with the SEC than a company incorporated in the United States or otherwise subject to these rules and is expected to follow certain home country corporate governance practices in lieu of certain NYSE requirements applicable to U.S. issuers."

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

Our board of directors has adopted an Insider Trading Policy that governs the purchase, sale, and other dispositions of our securities by directors, senior management, and employees that is reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to us. A copy of the Company's Insider Trading Policy is filed as Exhibit 11.1 to this Annual Report.

ITEM 16K. CYBERSECURITY

We have built and continue to evolve processes for assessing, identifying, and managing material risks from cybersecurity threats. We have embedded the oversight and management of cybersecurity risk within our enterprise risk management framework to help drive a company-wide culture of cybersecurity risk management, and we have established policies and procedures as well as a reporting line of governance that guide our cybersecurity risk management program.

We maintain a cybersecurity infrastructure to safeguard our operations, networks and data through comprehensive security measures including our technology tools, internal management and external service providers. Our processes for assessing, identifying and managing material risks from cybersecurity threats are integrated into our risk management system. We use a variety of tools and processes to collect relevant data and identify, monitor, assess and manage material cybersecurity risks. The Group has adequate management of security incidents, a strategy for dealing with and governing cybersecurity risks through the following elements:

- Corporate Information Security Policy. Our corporate information security policy addresses the information technology mechanisms, domains and services that protect the Group's information assets. Our Information Security Committee is responsible for carrying out the activities set forth in our corporate information policy and this committee is involved in all actions, decisions and updates on the group's security information (events, incidents, training, tools, etc.). The Information Security Committee prepares a report that is presented to the Audit Committee.
- Two procedures are implemented for the timely attention of incidents and IT risks:
 - Ø Procedure for Information Security Incident Management: This procedure provides the necessary guidelines to ensure adequate security incident management to address any type of service interruption: recording, categorizing, prioritizing, controlling, resolving, and closing all security incidents within the IT services that are provided or managed by the Group.
 - Ø Procedure for Technology Risk Assessment: This procedure provides the necessary guidelines for the implementation of controls based on Risk Determination and Evaluation. These controls will allow the Group to mitigate, avoid, transfer or accept the risks. These activities will reduce the attack surface of all Information Technology assets that are provided or managed by the group. During 2024, residual risk was determined as part of the process improvement. This information was obtained by measuring the controls implemented last year, compared to the current risk level.

Our Corporate Chief Information Officer, Mauricio Alvarez (“CIO”) is also responsible for assessing, identifying, and managing the risks from cybersecurity threats. Our CIO has significant experience in information technology and many of our information technology team members hold qualifications in technology security positions. Our CIO, together with our security team members, reviews emerging threats, controls, and procedures as part of assessing, identifying, and managing risks. Risks identified by our cybersecurity program are analyzed to determine the potential impact on us and the likelihood of occurrence. Such risks are continuously monitored to ensure that the circumstances and severity of such risks have not changed.

The team in charge of the Group’s Cybersecurity is made up of:

- **Mauricio Alvarez** joined Betterware as CIO in August 2020 and is responsible for information technology spanning applications, data, cybersecurity and infrastructure, all a vital part of nearly every aspect of our customer and service experience. Mauricio joined Betterware from multinational customer experience companies including Atento where he was Chief Information Officer for the U.S., Mexico, and Central America. Before Atento, Mauricio co-founded Flip Technologies, a SaaS provider for nonprofit organizations and held various IT & Innovation leadership roles of increasing responsibility at The Coca-Cola Company globally. Mauricio holds a bachelor’s degree in computer systems from the Universidad Iberoamericana in Mexico City.
- **Nuxi Pérez**, joined Betterware in December 2021 and is the Director of Infrastructure and Technical Support. He has more than 16 years of progressive experience in infrastructure, telecommunications, and cybersecurity, a bachelor’s degree in computer systems engineering from ESIME - IPN in Mexico City, a degree in strategic cybersecurity from the AMEST academy and ITIL certification.
- **Claudia Rodríguez**, joined Betterware in October 2022 to further strengthen our cybersecurity management. Claudia has EC Council Ethical Hacking, ITIL, Coblt and MOF certifications, as well as a Cybersecurity Technologies Associate’s Degree by the Tecnológico de Monterrey, and has several years of experience with Information Security.

We provide cybersecurity awareness training to our employees which is designed to provide guidance for identifying and reporting cybersecurity risks and to promote familiarity with our cybersecurity policies. We also use internal communications to promote awareness and conduct phishing exercises and provide training to employees. In addition, we engage independent third parties on an as-needed basis to assess our cybersecurity capabilities. The results of these assessments are shared with our Information Security Committee.

Our board of directors oversees management’s approach to managing cybersecurity risks as part of its risk management oversight. Our board of directors holds periodic discussions with management regarding our guidelines and policies with respect to cybersecurity risks and receives regular reports from the CIO regarding such risks and the steps management has taken to monitor and control any exposure resulting from such risks.

During 2024, we experienced an increase in the number of phishing attacks where some users executed links or attachments. These activities were mitigated in a timely manner. None of these incidents has significantly affected, nor is it reasonably likely to significantly affect, the Group or our business strategy, operating results, or financial condition.

Third-party vendor agreements include confidentiality obligations and specify data elements that the third party has access to, how the third party protects the data, and procedures for the return or destruction of protected data. The vendors/third parties also must report all cybersecurity incidents immediately to the Company’s responsible functional manager and to the Director of Information Technology. All relevant third parties are required to provide a SOC 1 Type II report which is monitored and reviewed by the company. We evaluate any potential risks or deviations communicated within these reports.

However, we cannot guarantee any future events will not affect our operations or customers. We are constantly seeking to improve and strengthen our security strategy by aligning it with Security Frameworks and Best Practices such as NIST CSF and ISO 27000.

PART III

ITEM 17. FINANCIAL STATEMENTS

The Group has responded to Item 18 in lieu of responding to this item.

ITEM 18. FINANCIAL STATEMENTS

(a) Financial Statements

Betterware de México, S.A.P.I. de C.V.

Audited Consolidated and Combined Financial Statements

Report of Independent Registered Public Accounting Firm PCAOB ID 1128	F-2
Consolidated Statements of Financial Position as of December 31, 2024, 2023, and 2022	F-3
Consolidated Statements of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2024, 2023 and 2022	F-5
Consolidated Statements of Changes in Stockholders' Equity for the year ended December 31, 2024, 2023 and 2022	F-7
Consolidated Statements of Cash Flows for the year ended December 31, 2024, 2023 and 2022	F-8
Notes to the Audited Consolidated Financial Statements	F-10

ITEM 19. EXHIBITS

(b) List of Exhibits

The following exhibits are filed or incorporated by reference as part of this annual report:

Exhibit Number	Description
1.1	Articles of Association of Betterware de México, S.A.P.I. de C.V.*
2.1	Description of Securities**
8.1	List of Subsidiaries.**
11.1	English Translation of the Company's Code of Ethics.
11.2	Insider Trading Policy
12.1	Certification of Andres Campos, Chief Executive Officer of Betterware de México, S.A.P.I. de C.V., pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
12.2	Certification of Rodrigo Muñoz, Corporate Chief Financial Officer of Betterware de México, S.A.P.I. de C.V., pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
13.1	Certification of Andres Campos, Chief Executive Officer of Betterware de México, S.A.P.I. de C.V., pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
13.2	Certification of Rodrigo Muñoz, Corporate Chief Financial Officer of Betterware de México, S.A.P.I. de C.V., pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
97.1	Policy for the Recovery of Erroneously Awarded Compensation**
101.INS	INLINE XBRL Instance Document
101.SCH	INLINE XBRL Taxonomy Extension Schema
101.CAL	INLINE XBRL Taxonomy Calculation Linkbase
101.DEF	INLINE XBRL Definition Linkbase Document
101.LAB	INLINE XBRL Taxonomy Label Linkbase
101.PRE	INLINE XBRL Definition Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Incorporated by reference to the annual report on Form 20F filed by Betterware de México, S.A.P.I. de C.V. on April 29, 2022 (File No. 000-1788257)

** Incorporated by reference to the annual report on Form 20F filed by Betterware de México, S.A.P.I. de C.V. on April 30, 2024 (File No. 000-1788257)

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Betterware de México, S.A.P.I. de C.V.

By: /s/ Luis Campos

Name: Luis Campos

Title: Board Chairman

Dated: April 29, 2025

Betterware de México, S.A.P.I. de C.V. (subsidiary of Campalier, S.A. de C.V.) and subsidiaries

Consolidated financial statements as of December 31, 2024, 2023 and 2022 and for the years ended December 31, 2024, 2023 and 2022, and Report of Independent Registered Accounting Firm dated April 29, 2025

Consolidated financial statements as of December 31, 2024, 2023 and 2022 and for the years ended December 31, 2024, 2023 and 2022 and Report of Independent Registered Accounting Firm

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Betterware de México, S.A.P.I. de C.V.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Betterware de México, S. A. P. I. de C. V. and its subsidiaries (the “Company”) as of December 31, 2024 and 2023, and the related consolidated statements of profit or loss and other comprehensive income, of changes in stockholders’ equity, and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO because material weaknesses in internal control over financial reporting existed as of that date related to the lack of (i) effective control environment, risk assessment process and monitoring activities at a precise enough level to identify and timely assess the new and evolving risks of material misstatement in the Company’s consolidated financial statements, (ii) effective controls over the business combination process, specifically the lack of controls over the determination and ongoing impairment assessment of goodwill and long lived intangible assets, (iii) effective controls over substantially all accounts and disclosures in the period-end financial reporting and consolidation process, and (iv) effective information and technology general controls relevant to the preparation of the consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses referred to above are described in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 15. We considered these material weaknesses in determining the nature, timing, and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and our opinion regarding the effectiveness of the Company’s internal control over financial reporting does not affect our opinion on those consolidated financial statements.

Restatement of Previously Issued Consolidated Financial Statements

As discussed in Note 2.b to the consolidated financial statements, the Company has restated its 2023 and 2022 consolidated financial statements to correct misstatements.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in management’s report referred to above. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill and Indefinite-lived Intangible Assets Impairment Assessment – Jafra Mexico Group of Cash Generating Units

As described in Notes 12 and 13 to the consolidated financial statements, the Company annually tests the recoverable amount of its goodwill and indefinite-lived intangible assets which amounts Ps.1,600 million and Ps.1,102 million, respectively, of which Ps.1,250 million and Ps.849 million respectively relates to the Jafra Mexico group of cash generating units (CGU). Management's cash flow projections for the group of CGU included significant judgments and Management's cash flow projections included significant assumptions relating to the average revenue growth rate; as well as the discount rate used to discount future cash flows.

The principal considerations for our determination that performing procedures relating to the goodwill and indefinite-lived intangible assets impairment assessment of the Jafra Mexico group of CGU is a critical audit matter are (i) the significant judgment used by management when developing the fair value of the Jafra Mexico group of CGU; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the average revenue growth rate, as well as the discount rate; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge. As described in the "Opinions on the Financial Statements and Internal Control over Financial Reporting" section, material weaknesses were identified related to this matter.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, i) evaluating and determining the nature and extent of audit procedures performed and evidence obtained that are responsive to the material weaknesses identified; ii) evaluating management's process for developing the fair value of the Jafra Mexico group of CGU; iii) testing the completeness and accuracy of the underlying data used in the discounting cash flow model, and iv) comparing the actual results of the current year with the respective budget, to identify if any assumption included in the cash flow projections could be considered too optimistic. Professionals with specialized skill and knowledge were also used to assist in a) evaluating the appropriateness of the discounted cash flow model, b) comparing the average revenue growth rate based on current and past performance of the group of CGU and the consistency with independent market sources from comparable entities in the industry, and c) comparing the discount rate based on industry knowledge and the consistency with estimated external market rates.

/s/ PricewaterhouseCoopers, S. C.

/s/ C.P.C. Fabián Mateos Aranda
Audit Partner
Mexico City, Mexico
April 29, 2025

We have served as the Company's auditor since 2022.

Betterware de México, S.A.P.I. de C.V. and subsidiaries
Consolidated statements of financial position
As of December 31, 2024, 2023 and 2022
(In Thousands of Mexican pesos)

	Note	2024	Restated 2023 (*)	2022
Assets				
Current assets:				
Cash and cash equivalents	5	\$ 296,558	\$ 549,730	\$ 815,644
Trade accounts receivable, net	6	1,133,093	1,072,455	971,063
Accounts receivable from related parties	24	250	104	61
Account receivable from sale of properties	6	121,082	-	-
Inventories	7	2,505,093	2,030,533	2,122,670
Prepaid expenses	8	87,682	77,468	52,562
Derivative financial instruments	19	108,846	-	-
Income tax recoverable	17	98,265	29,462	204,860
Other assets	9	147,329	230,688	188,266
Total current assets excluding assets classified as held for sale		<u>4,498,198</u>	<u>3,990,440</u>	<u>4,355,126</u>
Assets held for sale	1b	40,000	-	-
Total current assets		<u>4,538,198</u>	<u>3,990,440</u>	<u>4,355,126</u>
Non-current assets:				
Account receivable of properties	6	90,540	-	-
Property, plant and equipment, net	10	1,801,475	2,910,353	2,973,374
Right-of-use assets, net	14	314,023	361,561	293,565
Deferred income tax	17	525,086	527,929	319,157
Intangible assets, net	13	1,570,223	1,649,953	1,743,882
Goodwill	12	1,599,718	1,599,718	1,599,718
Other assets	9	14,504	53,757	47,911
Total non-current assets		<u>5,915,569</u>	<u>7,103,271</u>	<u>6,977,607</u>
Total assets		<u>\$ 10,453,767</u>	<u>\$ 11,093,711</u>	<u>\$ 11,332,733</u>

(Continued)

Betterware de México, S.A.P.I. de C.V. and subsidiaries
Consolidated statements of financial position
As of December 31, 2024, 2023 and 2022
(In Thousands of Mexican pesos)

	Note	2024	Restated 2023 (*)	2022
Liabilities and stockholders' equity				
Current liabilities:				
Short term debt and borrowings	16	\$ 1,156,084	\$ 508,731	\$ 230,419
Accounts payable to suppliers	15	2,156,715	1,790,026	1,371,778
Accounts payable to related parties	24	1,237	-	96,859
Accrued expenses	15	380,835	306,997	305,588
Provisions and others	18	748,918	804,748	793,412
Value added tax payable		71,192	117,864	89,142
Employee profit sharing payable		139,255	132,855	135,298
Lease liability	14	110,252	122,997	85,399
Derivative financial instruments	19	-	47,920	15,329
Total current liabilities		<u>\$ 4,764,488</u>	<u>\$ 3,832,138</u>	<u>\$ 3,123,224</u>
Non-current liabilities:				
Statutory employee benefits	20	128,312	127,150	153,907
Deferred income tax	17	495,117	783,169	833,557
Lease liability	14	234,343	265,724	206,509
Long term debt and borrowings	16	3,668,859	4,622,691	5,918,256
Total non-current liabilities		<u>4,526,631</u>	<u>5,798,734</u>	<u>7,112,229</u>
Total liabilities		<u>9,291,119</u>	<u>9,630,872</u>	<u>10,235,453</u>
Stockholder's equity				
Common stock	22	321,312	321,312	321,312
Share premium account		(25,264)	(16,370)	(12,671)
Retained earnings		892,398	1,178,724	779,941
Other comprehensive income		(24,076)	(19,194)	7,515
Equity attributable to owners of the Group		<u>1,164,370</u>	<u>1,464,472</u>	<u>1,096,097</u>
Non-controlling interest		<u>(1,722)</u>	<u>(1,633)</u>	<u>1,183</u>
Total stockholders' equity		<u>1,162,648</u>	<u>1,462,839</u>	<u>1,097,280</u>
Total liabilities and stockholders' equity		<u>\$ 10,453,767</u>	<u>\$ 11,093,711</u>	<u>\$ 11,332,733</u>

See accompanying notes to consolidated financial statements.

(*) Details of the restatement are shown in note 2b.

(Concluded)

Betterware de México, S.A.P.I. de C.V. and subsidiaries
Consolidated statements of profit or loss and other comprehensive income
For the years ended December 31, 2024, 2023 and 2022
(In Thousands of Mexican pesos, except earnings per share amounts)

	Note	2024	Restated 2023^(*)	Restated 2022^(*)
Revenue	25	\$ 14,100,758	\$ 13,009,507	\$ 11,507,549
Cost of sales	7	4,520,223	4,260,842	3,983,571
Gross profit		9,580,535	8,748,665	7,523,978
Administrative expenses	25	2,702,876	2,367,280	2,198,330
Selling expenses	25	3,997,917	3,460,367	2,808,030
Distribution expenses	25	663,812	582,237	467,350
		7,364,605	6,409,884	5,473,710
Other expenses	1a	529,722	-	-
Divestment of subsidiaries		-	-	(21,862)
Operating income		1,686,208	2,338,781	2,028,406
Financing income (cost):				
Interest expense	16	(639,705)	(827,812)	(543,321)
Interest income		22,818	45,056	28,689
Unrealized gain (loss) in valuation of derivative financial instruments	19	156,766	(32,591)	(43,522)
Foreign exchange gain		330,249	267,363	254,198
Foreign exchange loss		(375,554)	(374,210)	(337,566)
		(505,426)	(922,194)	(641,522)
Income before income taxes		1,180,782	1,416,587	1,386,884
Income taxes:				
Current	17	752,566	645,521	533,522
Deferred	17	(283,306)	(265,498)	(16,602)
		469,260	380,023	516,920
Net income for the year		711,522	1,036,564	869,964
Net income for the year attributable to:				
Owners of the Group		\$ 711,728	\$ 1,039,287	\$ 872,557
Non-controlling interest		(206)	(2,723)	(2,593)
		\$ 711,522	\$ 1,036,564	\$ 869,964
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Effect of foreign currency conversion		(16,711)	(4,349)	(8,653)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Remeasurement of defined benefit obligation, net of taxes	20	11,829	(22,360)	15,585
Total comprehensive income for the year		\$ 706,640	\$ 1,009,855	\$ 876,896

(Continued)

Betterware de México, S.A.P.I. de C.V. and subsidiaries
Consolidated statements of profit or loss and other comprehensive income
For the years ended December 31, 2024, 2023 and 2022
(In Thousands of Mexican pesos, except earnings per share amounts)

	Note	2024	Restated 2023 ^(*)	Restated 2022 ^(*)
Comprehensive income for the year attributable to:				
Owners of the Group		\$ 706,846	\$ 1,012,578	\$ 879,489
Non-controlling interest		(206)	(2,723)	(2,593)
		<u>\$ 706,640</u>	<u>\$ 1,009,855</u>	<u>\$ 876,896</u>
Basic earnings per common share (pesos)	23	\$ 19.11	\$ 27.90	\$ 23.42
Diluted earnings per common share (pesos)	23	<u>-</u>	<u>\$ 27.89</u>	<u>\$ 23.41</u>

See accompanying notes to consolidated financial statements.

(*) Details of the restatement are shown in note 2b.

(Concluded)

Betterware de México, S.A.P.I. de C.V. and subsidiaries
Consolidated statements of changes in stockholders' equity
For the years ended December 31, 2024, 2023 and 2022
(In Thousands of Mexican pesos)

	<u>Note</u>	<u>Common stock</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Other comprehensive income</u>	<u>Non- controlling interest</u>	<u>Total stockholders' equity</u>
Balance as of January 1, 2022		\$ 321,312	\$ 6,659	\$ 856,994	\$ 583	\$ 14,655	\$ 1,200,203
Other capital movements		-	(19,330)	-	-	-	(19,330)
Movements in non-controlling interest		-	-	-	-	(10,879)	(10,879)
Dividends paid	22	-	-	(949,610)	-	-	(949,610)
Total comprehensive income for the year		-	-	872,557	6,932	(2,593)	876,896
Balance as of December 31, 2022		321,312	(12,671)	779,941	7,515	1,183	1,097,280
Other capital movements		-	(3,699)	8,231	-	-	4,532
Movements in non-controlling interest		-	-	-	-	(93)	(93)
Dividends paid	22	-	-	(648,735)	-	-	(648,735)
Total comprehensive income for the year		-	-	1,039,287	(26,709)	(2,723)	1,009,855
Balance as of December 31, 2023 (*) Restated		321,312	(16,370)	1,178,724	(19,194)	(1,633)	1,462,839
Other capital movements		-	(8,894)	-	-	-	(8,894)
Movements in non-controlling interest		-	-	-	-	117	117
Dividends paid	22	-	-	(998,054)	-	-	(998,054)
Total comprehensive income for the year		-	-	711,728	(4,882)	(206)	706,640
Balance as of December 31, 2024		<u>\$ 321,312</u>	<u>\$ (25,264)</u>	<u>\$ 892,398</u>	<u>\$ (24,076)</u>	<u>\$ (1,722)</u>	<u>\$ 1,162,648</u>

See accompanying notes to consolidated financial statements.

(*) Details of the restatement are shown in note 2b.

Betterware de México, S.A.P.I. de C.V. and subsidiaries
Consolidated statements of cash flows
For the years ended December 31, 2024, 2023 and 2022
(In Thousands of Mexican pesos)

	Note	2024	Restated 2023^(*)	2022
Operating activities:				
Net income for the year		\$ 711,522	\$ 1,036,564	\$ 869,964
Adjustments for:				
Income tax expense		469,260	380,023	516,920
Depreciation and amortization		392,186	382,119	287,702
Impairment of assets held for sale	1b	166,581	-	-
Interest expense		639,705	827,812	543,321
Interest income		(22,818)	(45,056)	(28,689)
Loss (gain) on disposal of non-current assets		(992)	(1,460)	4,758
Loss by selling of properties	1a	529,722	-	-
Share-based payment expense		-	4,188	5,991
Movements in non-controlling interest		117	(93)	10,983
Effect of foreign currency conversion		(16,711)	(4,349)	(8,653)
Unrealized loss (gain) in valuation of derivative financial instruments		(156,766)	32,591	43,522
		<u>2,711,806</u>	<u>2,612,339</u>	<u>2,245,819</u>
(Increase) decrease in:				
Trade accounts receivable		(60,638)	(101,393)	266,640
Trade accounts receivable from related parties		(146)	(43)	30,246
Inventory		(470,959)	92,136	171,260
Prepaid expenses and other assets		122,003	(84,826)	(48,383)
Increase (decrease) in:				
Accounts payable to suppliers and accrued expenses		419,023	423,104	(940,039)
Trade accounts payable to related parties		1,237	(96,859)	97,029
Provisions		(55,830)	3,589	(24,640)
Value-added tax payable		(47,169)	28,722	110,231
Statutory employee profit sharing		6,400	(2,443)	22,798
Employee benefits		(9,350)	(32,606)	21,268
Income taxes paid		(819,247)	(474,941)	(542,527)
Net cash provided by operating activities		<u>1,797,130</u>	<u>2,366,779</u>	<u>1,409,702</u>
Investing activities:				
Payment of business acquisition net of cash acquired	11	-	-	(4,698,463)
Other investment in subsidiaries		-	-	(1,886)
Payments of fixed and intangible assets		(181,503)	(131,066)	(175,653)
Proceeds from disposal of fixed assets		11,774	20,682	22,091
Proceeds from disposal of properties	1a	156,500	-	-
Commission by selling of properties		(10,055)	-	-
Interest received		22,818	45,056	28,689
Net cash used in investing activities		<u>(466)</u>	<u>(65,328)</u>	<u>(4,825,222)</u>

(Continued)

Betterware de México, S.A.P.I. de C.V. and subsidiaries
Consolidated statements of cash flows
For the years ended December 31, 2024, 2023 and 2022
(In Thousands of Mexican pesos)

	Note	2024	Restated 2023 (*)	2022
Financing activities:				
Proceeds from debt and borrowings	16	\$ 3,027,100	\$ 6,498,994	\$ 5,818,705
Repayment of borrowings	16	(3,319,600)	(7,633,715)	(1,120,025)
Bond issuance costs	16	-	(8,355)	(88,722)
Interest paid on borrowings	16	(603,921)	(652,313)	(502,847)
Lease payments (principal and interest)	14	(155,361)	(123,241)	(76,214)
Share repurchases	22	-	-	(25,321)
Dividends paid	22	(998,054)	(648,735)	(949,610)
Net cash (used in) provided by financing activities		<u>(2,049,836)</u>	<u>(2,567,365)</u>	<u>3,055,966</u>
(Decrease) increase in cash and cash equivalents		(253,172)	(265,914)	(359,554)
Cash and cash equivalents at the beginning of year		549,730	815,644	1,175,198
Cash and cash equivalents at the end of year		<u>\$ 296,558</u>	<u>\$ 549,730</u>	<u>\$ 815,644</u>

Non-cash transactions (notes 1a, 1b and 6).

See accompanying notes to consolidated financial statements.

(*) Details of the restatement are shown in note 2b.

(Concluded)

Betterware de México, S.A.P.I. de C.V. and subsidiaries

Notes to consolidated financial statements

As of December 31, 2024, 2023 and 2022, and for the years ended December 31, 2024, 2023 and 2022

(In Thousands of Mexican pesos, Ps., except the number of shares and earnings per share expressed in Mexican pesos)

1. Nature of business and significant events

Betterware de México, S.A.P.I. de C.V. (“Betterware or BWM”) and its subsidiaries are hereinafter jointly referred to as the “Group” or the “Company”. The Group’s object is the direct-to-consumer selling, which operates through two business segments: the home organization products (“Betterware segment” or “BWM segment”) and the beauty and personal care products (B&PC) (“Jafra segment or JAFRA”). The Betterware’s segment is divided in seven categories of the home organization: (i) Kitchen and food preservation, (ii) Home solutions, (iii) Bedroom, (iv) Bathroom, (v) Laundry & Cleaning (vi) Tech & mobility and (vii) wellness. The Jafra segment is divided in four categories of the beauty and personal care: (i) fragrance, (ii) color (cosmetics), (iii) skin care and (iv) toiletries. The Group’s business segments products are sold in twelve catalogs published throughout the year. The Group operates mainly in Mexico and the United States. The Group’s address, registered as its office and primary place of business, is Gdl-Ameca-Huaxtla Km-5, El Arenal, Jalisco, México, and Zip Code 45350. The holding entity of Betterware is Campalier, S.A. de C.V. (“Campalier”).

Significant events and transactions –

2024

a) *Sale Jafra’s land and building:*

The Group, through subsidiary (Distribuidora Venus, S.A. de C.V.), (which is part of Jafra’s companies in Mexico), entered into two contracts for the sale: 1) “Las Flores” land and 2) “San Ángel” land and building in March and August 2024, respectively. The sales price for these transactions was Ps.402,200, and as a result, the company recognized a loss in the income statement as other expenses of Ps.529,722. See Note 10.

Of the sales price was collected, Ps.156,500; the remaining Ps.245,700 will be collected semiannually without interest, maturing in 2027. Was recognized an addition loss Ps.34,078 at the moment that was determining the fair value of the long-term receivable.

b) *Assets held for sale:*

Jafra México classified the O’Farril as assets held for sale in accordance with the accounting policy “non-current assets held for sale.” The Company recognized an impairment loss of Ps.166,581 recognized in administrative expenses based on the use given to land.

2023

c) *Long-term debt and bond issuances:*

Ø On July 5, 2023, Betterware signed an agreement with BBVA to acquire a simple line of credit for Ps.1,500,000.

Ø On July 7, 2023, Betterware successfully concluded the third and fourth bond issuance offering for a total of Ps.813,974, with 4 and 7-year maturities, offerings in the Mexican Market.

Ø As of July 10, 2023, the debt for the syndicated loan used for the acquisition of Jafra in 2022, amounted to Ps.3,248,695. Betterware settled the debt of the syndicated loan using the Ps.1,500,000 of the credit line with BBVA and the import issuance of bonds net of issuance costs per placement, that is, the net amount of Ps.810,197, the remainder of the credit was settled with drawdowns of short-term credit lines and the cash available on hand at that date (see note 16).

Ø On September 12, 2023, Betterware signed an agreement with HSBC to acquire a simple line of credit for Ps.950,000.

2022

- d) On January 18, 2022, the Company entered into an agreement to acquire 100% of Jafra in Mexico and the United States, along with its “Jafra” trademarks, for a total cash consideration of Ps.5,044,371 (see note 11).

Jafra is a global leading brand in direct sales in the Beauty and Personal Care (B&PC) industry with a strong presence in Mexico and the United States with independent leaders and consultants who sell its unique products. In addition, Jafra provides the opportunity to the Company to expand its geographic presence in the United States, enhancing its international focus on the North American market.

On March 24, 2022, the Federal Economic Competition Commission (“COFECE”) approved the Jafra Acquisition, which was concluded on April 7, 2022. The necessary funds to pay the purchase price under the Jafra Acquisition were obtained from a long-term loan of Ps.4,498,695 (see note 16), plus the available cash resources from the Company.

- e) On March 28, 2022, the Ordinary General Assembly of Shareholders of GurúComm, S.A.P.I., approved the retirement of Betterware as its shareholder. Consequently, we were reimbursed for 55,514 subscribed and paid shares, and 37,693 subscribed and unpaid shares were cancelled. Betterware withdrew its investment because the business was not growing according to our expectations, and the return on investment would take more years than anticipated. The effect on profit and loss of this transaction was a loss of Ps.16,610.
- f) On November 18, 2022, the Ordinary General Assembly of Shareholders of Innova Catálogos, S.A. de C.V. approved the retirement of Betterware as a shareholder. Consequently, we were reimbursed for and canceled 238 subscribed and paid shares. Betterware withdrew its investment because the business was not growing according to our expectations, and the return on investment would take more years than anticipated. The effect on profit and loss of this transaction was a loss of Ps.5,252.

2. Material accounting policies

The Group’s management reviewed the material accounting policies and made some updates to the disclosed information, as follows:

a. *Basis of preparation*

The Group’s consolidated financial statements for 2024 include the financial statements of Betterware de México, S.A.P.I. de C.V., and subsidiaries as described in note 2d (the “consolidated financial statements”).

The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards requires the use of critical accounting estimates. In addition, it requires Management to exercise judgment in the process of applying the Group’s accounting policies. The areas that involve a high level of judgment or complexity, as well as areas where the judgments and estimates are significant to the consolidated financial statements are disclosed in note 4.

b. Basis of accounting and correction of material errors

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the Interpretations of IFRS (IFRIC) applicable to entities reporting under IFRS Accounting Standards.

The Group corrected material misstatements related to the consolidated financial statements as of December 31, 2023 and 2022. The Group performed a materiality assessment in accordance with the Securities and Exchange Commission's ("SEC") Staff Accounting Bulletin ("SAB") No. 99, "Materiality," and SAB No. 108, "Considering the Effects of Prior Years' Errors When Quantifying Misstatements in the Current Year's Financial Statements," and concluded that the misstatements were material to its previously issued financial statements. However, the impact of correcting such misstatements did not impact the Company's, net revenue, or key financial decision-making ratios. The Company reviewed its financial statements issued prior to and for the years ended December 31, 2023 and 2022, concluding the corrections to the consolidated statement of financial position for the year 2023 and consolidated statements of income for the years 2023 and 2022 as follows:

Consolidated Statement of Financial Position as of December 31, 2023:

	Restated	Previously Presented	Difference	Reference
Assets				
Current assets:				
Prepaid expenses	\$ 77,468	79,115	(1,647)	a
Total current assets	<u>3,990,440</u>	<u>3,992,087</u>	<u>(1,647)</u>	
Right-of-use assets, net	361,561	358,704	2,857	a
Deferred income tax	527,929	523,568	4,361	a
Total non-current assets	<u>7,103,271</u>	<u>7,096,053</u>	<u>7,218</u>	
Total assets	<u>\$ 11,093,711</u>	<u>11,088,140</u>	<u>5,571</u>	a
Liabilities and stockholders' equity				
Current liabilities:				
Lease liability	\$ 122,997	117,094	5,903	a
Total current liabilities	<u>3,832,138</u>	<u>3,826,235</u>	<u>5,903</u>	
Non-current liabilities:				
Lease liability	\$ 265,724	255,882	9,842	a
Total Non-current liabilities	<u>5,798,734</u>	<u>5,788,892</u>	<u>9,842</u>	
Total liabilities	<u>\$ 9,630,872</u>	<u>9,615,127</u>	<u>15,745</u>	a
Stockholder's equity				
Retained earnings	\$ 1,178,724	1,188,898	(10,174)	a
Equity attributable to owners of the Group	<u>1,464,472</u>	<u>1,474,646</u>	<u>(10,174)</u>	a
Total stockholders' equity	<u>1,462,839</u>	<u>1,473,013</u>	<u>(10,174)</u>	a
Total liabilities and stockholders' equity	<u>\$ 11,093,711</u>	<u>11,088,140</u>	<u>5,571</u>	a

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2023
(In Thousands of Mexican pesos, except earnings per share amounts)

	Restated	Previously Presented	Difference	Reference
Net revenue	\$ 13,009,507	13,009,507	-	
Cost of sales	4,260,842	3,701,255	559,587	b
Gross profit	8,748,665	9,308,252	(559,587)	
Administrative expenses	2,367,280	2,908,945	(541,665)	a, b
Distribution expenses	582,237	593,174	(10,937)	b
	6,409,884	6,962,486	(552,602)	a, b
Operating income	2,338,781	2,345,766	(6,985)	a
Financing income (cost):				
Interest expense	(827,812)	(820,262)	(7,550)	a
	(922,194)	(914,644)	(7,550)	
Income before income taxes	1,416,587	1,431,122	(14,535)	a
Deferred income tax	(265,498)	(261,137)	(4,361)	a
	380,023	384,384	(4,361)	
Net income for the year	\$ 1,036,564	1,046,738	(10,174)	a
Net income for the year attributable to:				
Owners of the Group	\$ 1,039,287	1,049,461	(10,174)	
Non-controlling interest	(2,723)	(2,723)	-	
	1,036,564	1,046,738	(10,174)	
Basic earnings per common share (<i>pesos</i>)	\$ 27.90	\$ 28.18	\$ (0.28)	c
Diluted earnings per common share (<i>pesos</i>)	\$ 27.89	\$ 28.16	\$ (0.27)	c

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2022

	Restated	Previously Presented	Difference	Reference
Net revenue	\$ 11,507,549	11,507,549	-	
Cost of sales	3,983,571	3,579,093	404,478	b
Gross profit	7,523,978	7,928,456	(404,478)	
Administrative expenses	2,198,330	2,596,642	(398,312)	b
Distribution expenses	467,350	473,516	(6,166)	b
	5,473,710	5,878,188	(404,478)	b
Operating income	2,028,406	2,028,406	-	
Income before income taxes	1,386,884	1,386,884	-	
Net income for the year	\$ 869,964	869,964	-	

The adjustments relate to the following items:

- a) Restatement of the 2023 consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income, resulting from the adjustment for recognition of Jafra México's right-of-use and office lease liabilities in the correct period as of the May 1, 2023, transaction date.
- b) Restatement of the consolidated statement of profit or loss and other comprehensive income for the years 2023 and 2022, resulting from the recognition in the cost of sales of direct labor expenses and the corresponding proportion of indirect variable and fixed costs, allocated based on normal operating capacity, which were erroneously classified in administrative and distribution expenses from Jafra Mexico segment. These reclassifications had no effect on inventory balances because the error was identified only in the correct presentation of expenses within cost of sales in the Consolidated statement of profit or loss and other comprehensive income.
- c) Restatement of basic and diluted earnings per share in fiscal year 2023, derived from the lease adjustment mentioned in section a), where basic and diluted earnings suffered a decrease of Ps.0.28 and Ps.0.27 cents per share respectively.

c. Basis of measurement

The Group's consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value.

Functional and presentation currency

These consolidated financial statements are presented in Mexican pesos ("Ps or \$"), which is the Group presentation currency. The amounts included in the consolidated financial statements of each of the Group's subsidiaries must be measured using the currency of the primary economic environment in which the entity operates ("functional currency"). All financial information presented in Mexican pesos has been rounded to the nearest thousand (except where otherwise specified). References to U.S. dollars ("US\$") indicate thousands of United States dollars.

Consolidated statement of profit or loss and other comprehensive income

The Group opted to present a single consolidated statement of profit or loss and comprehensive income, consolidating the presentation of profit and loss, including an operating profit line item, and comprehensive income in the same statement. Due to the commercial activities of the Group, costs and expenses presented in the consolidated statements of profit or loss and other comprehensive income were classified according to their function. Accordingly, cost of sales and operating expenses were presented separately.

d. Basis of consolidation

The Group's consolidated financial statements, incorporate the financial statements of the entities controlled by Betterware.

Betterware de México, S.A.P.I. de C.V., has control over its subsidiaries as it holds the majority of substantive voting rights regarding the relevant activities these entities undertake, which provides it with rights over the variable returns from the subsidiaries, and has the ability to influence those returns through its power over them.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

For consolidation purposes, the Group ensures that the accounting policies used are consistent.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the entities of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity. When a business is acquired but not the entire equity interest, the Group may initially measure the non-controlling interest at its fair value or as a portion of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amounts of non-controlling interests consider the initial value plus the non-controlling interests' share of subsequent changes in the subsidiaries' equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. The total income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, *Financial Instruments* when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

As of December 31, 2024, 2023 and 2022 the percentage of participation that it maintains over its subsidiaries is as follows:

The Group's companies:	Operating	Functional	% Participation		
	Country	currency	2024	2023	2022
Home organization ("Betterware"):					
Betterware de México, S.A.P.I. de C.V.	Mexico	Peso	Last controlling entity		
BLSM Latino América Servicios, S.A. de C.V.	Mexico	Peso	99%	99%	99%
Betterware de Guatemala, S.A.	Guatemala	Quetzal	70%	70%	70%
Programa Lazos, S.A. de C.V.	Mexico	Peso	70%	70%	70%
Betterware Ningbo Trading Co, LTD. ⁽¹⁾	China	Yuan	-	-	100%
Finayo, S.A.P.I. de C.V. SOFOM ENR	Mexico	Peso	100%	100%	100%
Betterware América, LLC.	United States	Dollar	100%	100%	100%
Betterware Perú, S.A.C.	Perú	Sol	100%	-	-
Beauty and personal care (B&PC) ("Jafra"):					
Jafra México Holding Company, B.V.	Mexico	Euro	100%	100%	100%
Distribuidora Comercial Jafra, S.A. de C.V.	Mexico	Peso	100%	100%	100%
Jafra Cosmetics International, S.A. de C.V.	Mexico	Peso	100%	100%	100%
Jafra Cosmetics, S.A. de C.V.	Mexico	Peso	100%	100%	100%
Serviday, S.A. de C.V.	Mexico	Peso	100%	100%	100%
Jafrafin, S.A. de C.V.	Mexico	Peso	100%	100%	100%
Distribuidora Venus, S.A. de C.V.	Mexico	Peso	100%	100%	100%
Jafra Cosmetics International, Inc.	United States	Dollar	100%	100%	100%

(1) Betterware Ningbo Trading Co, LTD was part of the Group until June 21, 2023.

As of December 31, 2024, 2023 and 2022, there are no significant restrictions for investment in shares of the subsidiary companies previously mentioned.

e. Cash and cash equivalents

Cash and cash equivalents consist mainly of bank deposits and short-term investments in securities, highly liquid and easily convertible into cash with original maturities of three months or less, which are subject to insignificant risks of value change. Cash is presented at nominal value and cash equivalents are valued at fair value. Any cash or cash equivalent that cannot be disposed of in less than three months is classified as restricted cash.

f. Accounts receivable

Accounts receivable from customers are initially recognized at the amount of the consideration, which is unconditional, unless they contain significant financial components when they are recognized at fair value.

The fair value of a non-interest bearing long-term receivable is measured as the present value of all future cash receipts discounted using a market interest rate for similar instruments; that is, with a similar currency, term, interest rate type and credit ratings. The difference between the expected principal amount of the receivable and its fair value is recognized as an expense in the income statement and amortized over the collection period using the effective interest method.

They are subsequently valued at amortized cost using the effective interest rate method, less the provision for losses. See note 6 for more information on the recording of accounts receivable from the Group's customers and note 2g for a description of the Group's impairment policies.

g. Financial instruments

Financial assets and liabilities are recognized in the Group's consolidated statement of financial position, when the Group enters into a contract that gives it the right to receive cash or another financial asset or generates the obligation to pay cash or another financial asset, except for the rights or obligation related to taxes.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition.

Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification based on the business model of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

For its part, if the objective of the financial asset is to collect cash flows for subsequent sale, its classification would be as measured at fair value through other comprehensive income ("FVTOCI"); and, if none of the above characteristics are met, then the financial asset will be classified as measured at fair value through profit or loss ("FVTPL"). As of December 31, 2024, 2023 and 2022, the Group only maintains financial assets measured at amortized cost and at fair value through profit or loss.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of loans receivable and of allocating interest income over the relevant period.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Financing income is made up of interest income, the foreign currency gain on financial assets, and gain on the valuation of derivative financial instruments. These are recognized in the consolidated statement of income of the year when accrued.

Impairment of financial assets

The Group recognizes impairment of receivable accounts based on a model of its expected credit losses ("ECL"), and those are estimated using the simplified approach by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Write-off policy

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards inherent in ownership.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at fair value through profit or loss (FVTPL) in the case of derivative financial instruments.

Financial liabilities measured subsequently at amortized cost

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Financing costs consist of interest expenses, the foreign currency loss on financial liabilities, the loss in the valuation of derivative financial instruments. These are recognized in the consolidated statement of income of the year when accrued.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

h. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rates, those are disclosed in note 19.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Group has both the legal right and the intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Otherwise, they are presented as current assets or current liabilities.

i. Inventories and cost of sales

Inventories are measured at the lower of cost and net realizable value. The costs comprise direct materials, direct labor, and an appropriate proportion of variable and fixed overhead costs, the latter being allocated on the basis of normal operating capacity. The cost of inventories is based on the standard cost method. The net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in administration (marketing), selling and distribution.

j. Assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

An impairment loss is recognized for any initial or subsequent reduction of the asset to fair value less costs to sell. A gain is recognized for any subsequent increase in the fair value less costs to sell of an asset that does not exceed any previously recognized accumulated impairment loss. A gain or loss not previously recognized at the date of sale of the non-current asset is recognized at the date of derecognition.

Non-current assets are not amortized or depreciated while classified as held for sale. Interest and other expenses attributable to liabilities of a disposal asset classified as held for sale continue to be recognized.

k. Other assets

Other assets mainly include inventory of rewards related to the rewards program offered to our distributors, associates, leaders and consultants, recoverable taxes and rent security deposits. They are presented in current or non-current assets in accordance with the classification of the destination item.

The inventory for the rewards program (see note 2.u and 2.w) is acquired based on exchange estimates from distributors, associates, leaders and consultants; and is reduced at the time the points are redeemed, and the reward is sent. Rewards inventory is recognized at acquisition cost.

l. Property, plant and equipment, net

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item have different useful lives, then they are accounted for as separate items (major components).

Depreciation is recognized using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives, considering separately each of the asset's components, are used in the calculation of depreciation:

Asset	Useful life
Buildings	5 – 50 years
Molds and machinery	3 – 15 years
Vehicles	4 years
Computers and equipment	3 – 10 years
Leasehold improvements	3 – 5 years

Property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

m. Intangible assets

Intangible assets are recognized used when they meet the following characteristics: they are identifiable, they obtain future economic benefits, and there is control over said benefits.

Intangible assets are classified as follows:

Indefinite useful life:

- These intangible assets are not amortized and are subject to annual impairment tests or earlier when any indication of impairment is identified. As of December 31, 2024, 2023 and 2022, no factors have been identified that limit the useful life of these intangible assets. The only intangible asset with an indefinite useful life that the Group owns are the Brands, which have been defined with indefinite useful life because they will generate revenues for an indefinite period based on their position in the market.

Defined useful life:

- These are recognized at cost less accumulated amortization and recognized impairment losses. They are amortized in a straight line according to the estimate of their useful life, which is determined based on the expectation of generating future economic benefits, and they are subject to impairment tests when signs of impairment are identified.

The estimated useful lives of intangible assets with a defined useful life are summarized as follows:

Intangibles:	Betterware	Jafra
Customer relationships	10 years	12 years
Software	3 years	-
Brands and logo rights	10 – 30 years	-

Derecognition of Group's intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

n. *Impairment of tangible and intangible assets other than goodwill*

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the group or cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing the estimated future cash flows, they are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For impairment testing purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows of other assets or Groups of assets (cash generating units).

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

o. Goodwill

Goodwill represents the excess of the acquisition cost of a subsidiary over the Group's interest in the fair values of the net assets acquired determined at the date of acquisition and is not subject to amortization.

Goodwill is not amortized but is tested annually for impairment and whenever there is any indication that the asset may be impaired. Goodwill arising from a business combination is allocated to the cash generating unit or group of units ("CGU") receiving a benefit from the synergies of the combination and based on the level at which management monitors goodwill, which cannot be higher than an operating segment. An impairment loss is recognized if the carrying amount of an asset, CGU or group of CGUs exceeds its recoverable amount. Impairment losses are recognized in profit or loss and for goodwill they are not reversible.

p. Business combinations

Businesses acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated by the sum of the assets transfer fair values by the Company, less the liabilities incurred by the Company to the previous owners of the acquiree entity and equity shares issued by the Company in exchange for control over the acquiree equity. The cost related to the acquisition are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value, except for:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit and leases, which are recognized and measured in accordance with IAS 12 "Income tax", IAS 19 "Employee Benefits", and IFRS 16 "Leases", respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if any), and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed at the acquisition date. If at the acquisition date the net of the amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are equity interests and that give to their holders a proportionate share of the Company's net assets in the event of liquidation, may initially be measured at either fair value or at the value of the non-controlling interest's proportionate interest in the recognized amounts of the identifiable net assets of the acquired company. The measurement base is made on every transaction. Other types of non-controlling interest are measured at fair value, or where applicable, based on what other IFRS specifies.

q. Leases

The Group as lessee

The Group 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 Group 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 less than 12 months); leases of low-value assets (defined as leases of assets with an individual market value of less than US\$5,000 (five thousand dollars)). For these agreements, which exempt the recognition of an asset for right-of-use and a lease liability, the Group 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 Group 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). To determine the lease term, the Group considers the non-cancellable period, including the probability to exercise any right to extend and/or terminate the agreement.

Subsequently, the lease liability is measured by 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 Group 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 Group 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 Group fulfills all lease payments. When the Group 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 Group cancels the lease liability and the corresponding right-of-use asset, recognizing the difference immediately in the consolidated statement of profit or loss and other comprehensive income.

r. Foreign currency

In preparing the consolidated financial statements, transactions in currencies other than the Mexican Peso, which is the reporting currency of the consolidated entities (see table in note 2d), those are recognized at the exchange rates as of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction.

Exchange differences on monetary items are recognized as foreign exchange profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities in foreign currency are translated in Mexican pesos, using the exchange rates prevailing at the end of the period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates are used at the date of transactions. Exchange differences arising, if any, are recognized in the case in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

The adjustments related to goodwill and to the fair value of the identifiable assets acquired and the liabilities assumed generated in a foreign transaction, are recognized as assets and liabilities of that operation and will be translated, as appropriate, at the closing rate at the end of the reporting period. Exchange differences arising are recognized in other comprehensive income.

s. Employee benefits

Retirement benefits – Defined benefit obligations and post-employment (pension plan applicable to Jafra)

The Group's defined benefit obligations cover seniority premiums which consist of a lump sum payment of 12 day's wage for each year worked, calculated using the most recent salary, not to exceed twice the legal minimum wage established by law. The post-employment benefits that Jafra offers are cumulative remunerations that generate future benefits for employees, during their employment relationship and are acquired by the employee and/or beneficiary at the time of retirement from the entity and/or upon reaching retirement or retirement age or other eligibility condition. The Company provides one-time payments from a formal pension plan. The right to access these benefits depends on the employee having worked until retirement age and completing a period of years of service. The related liability and annual cost of such benefits are calculated with the assistance of an independent actuary on the basis of formulas defined in the plans using the projected unit credit method at the end of each annual reporting period.

The Group's net obligation with respect to the defined-benefit plan is calculated separately for each plan, estimating the amount of future benefit accrued by employees in return for their services in ongoing and past periods; that benefit is discounted to determine its present value, and the costs for the services that have not been recognized and the fair value of the plan assets are deducted. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using discount rates in accordance with IAS 19 that are denominated in the currency in which the benefits will be paid, and that have maturities that approximate to the terms of the pension liability.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if applicable), are recognized immediately in the liability against other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is never reclassified to profit or loss. Past service cost is recognized in profit or loss in the period in which a plan amendment or curtailment occurs, or when the Group recognizes the related restructuring costs or termination benefits, if earlier.

Short-term and other long-term employee benefits and statutory employee profit sharing (“PTU”)

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Likewise, a liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

PTU is recorded in the results of the year in which it is incurred and is presented in operating expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Termination benefits

Termination benefits are paid when employment is terminated before the normal retirement date, or to provide benefits as a result of an offer made to encourage voluntary termination of employment. The Company recognizes termination benefits on the earlier of the following dates: (a) the date the Company is committed to terminating the employment of the employees in accordance with a detailed formal plan without having the possibility of avoiding its obligation, and (b) when the entity recognizes restructuring costs in accordance with the provisions of IAS 37 and involves payments of termination benefits. In the case of an offer that promotes voluntary termination, termination benefits will be valued based on the expected number of employees who will accept the offer. If compensation is payable no later than 12 months after the reporting period, then they are discounted to present value.

t. Income taxes

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

- Current tax

Current income tax ("ISR" in Mexico, United States, Guatemala and Peru) is determined at the level of each entity of the Group and is recognized in the results of the year in which it is incurred.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Group supported by previous experience in respect of such activities.

- Deferred income tax

Deferred tax is recognized at the level of each entity that makes up the Group, by determining the temporary differences between the carrying amounts of assets and liabilities and their corresponding tax values. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities and assets are calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on the tax rates (and applicable tax laws) that have been enacted or have been substantially enacted as of the last reporting date.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will exist to utilize those temporary differences and losses.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Deferred income tax assets and liabilities are offset when there is the legal right to offset current tax assets and liabilities, and when deferred income tax balances are related to the same tax authority. Current tax assets and liabilities are offset when the entity has the legal right to offset and intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

u. Provisions and others

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Rewards program for distributors, associates, leaders and independent consultants:

The Group has a reward program, which is offered through its business segments, to distributors and associates in Betterware, and to consultants, including leaders, in Jafra. Its objective is to promote the fulfillment of specific objectives in the development of commercial activities of the business but considered separate and distinct services from sales. In the case of Distributor and Associate Rewards, Betterware rewards its Distributors for enrolling new Associates and appointing new Distributors, while Associates receive such rewards for referring new Associates and staying active. In the case of rewards to Consultants, including Jafra leaders, they are awarded for sponsorship when they manage to hire a new direct sponsor or based on the commercial activities carried out by the group or lineage to which they are related. In this way, the members of this independent sales force help expand the organization and sales channels, and at the same time commit to developing their network of contacts and vendors.

These rewards can be in:

- a) Points redeemable for products that the Group purchases from other suppliers. Points expire according to the commercial terms established by the Group, and can be modified at management's discretion; and b) cards with a cash balance preload redeemable with certain providers, specifically in the Jafra segment, both for consultants and leaders depending on the business activities carried out by the group or lineage to which they are related.

The Group evaluates the performance of distributors, associates, and consultants, including leaders, at each reporting date based on an estimate of compliance with the established program objectives, and records the corresponding expense, presenting it as sales expenses and a provision. The provision is reduced when the points are exchanged for the available products (rewards). The value of the rewards program and the corresponding expense are determined based on the fair value of the services received considering the analyzes carried out by the administration for similar services in the market.

v. Accounts payable to suppliers and accrued expenses

Current liabilities, such as accounts payable to suppliers and other accrued expenses (accrued or not), whether for personnel costs or other operating costs, make up the working capital used in the entity's normal operating cycle. These balances represent liabilities for goods and services provided to the Group before the end of the year that have not been paid. Suppliers and other accrued expenses are presented as current liabilities, unless payment is not payable within 12 months of the reporting period. They are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method.

Trade accounts payables to the Group's suppliers principally comprise amounts outstanding for trade purchases, raw material and ongoing costs.

The Company, for the ease and benefit of its suppliers, has entered into supplier financing agreements with financial institutions and banks (collectively Bank), under which the Bank pays the Company's obligations with the supplier in advance. The Company pays the Bank within the period originally specified in the invoices and the costs arising from these agreements are absorbed by the suppliers. This way, there is no extension of payment terms or changes to the original conditions. of liabilities (amount, nature, function and maturity), therefore, are not substantially different from accounts payable. Given the conditions of the agreement described above, the Company presents the balance of the suppliers that are part of the agreement in the "Accounts payable to suppliers" item in the statement of financial position. The Bank acts as an agent, therefore, it is considered an extension of the Company's operations. Therefore, for the purposes of the consolidated statement of cash flows, when the bank pays to the supplier it is considered an operating cash outflow and a financing cash inflow, when the Company subsequently makes the payment to the bank, it is classified as a financing cash outflow

w. Revenue recognition

The Group's main purpose is direct-to-consumer sales, which operates through two business segments: home organization products ("Betterware segment" or "BWM segment") and beauty and personal care products ("Jafra segment"), those products are offered to main customers or: BWM Distributors and Jafra Leaders and independent Consultants. To do this, it enters into contracts with its distributors and leaders for the sale and purchase of products (without there being a permanent contract link). Additionally, these distributors and leaders can invite or refer new sellers. In turn, for referring new sellers, they will obtain points redeemable for products (rewards).

The Group has identified two performance obligations:

- Sale of products in the home organization segment and the beauty and personal care segment.
- Deferred income for granting points to its distributors, leaders and independent consultants for sales volume or for referring new associates or independent consultants.

Both performance obligations are detailed below:

Revenues comprise the fair value of the consideration received or to receive for the sale of products of the home organization segment and the beauty and personal care segment, as well as services in the ordinary course of the transactions, and are presented in the consolidated statement of profit or loss, net of the amount of variable considerations (discounts and product returns). To recognize revenues from contracts with its distributors, leaders and independent consultants, the Group applies a comprehensive model, which is based on a five-step approach consisting of the following: (1) identify the contract (verbal or written); (2) identify performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when the Group satisfies a performance obligation. The Group recognizes revenue at a point in time, when it transfers control over a product to a customer, which occurs when the customers take delivery of the products and formally accepts them.

The Group sends the invoices for the sale of home organization and beauty and personal care products to its distributors, leaders and independent consultants at shipment date with payment terms between 15 and 30 days. Distributors, leaders and independent consultants are allowed to request for a product return only if the product has quality, technical issues, or physical damages. However, this right qualifies as an assurance-type warranty (and not a performance obligation) related to the functionality of the products sold.

Betterware's discounts to distributors and associates are included in the invoice price and are presented in the net sales line item from the moment in which the customer acquires control of the products sold. Therefore, the management does not perform estimates over discounts to be taken by the customers. Jafra does not give discounts to leaders and consultants on the invoice price.

Loyalty program (The Group's reward points program):

The Group operates a loyalty program (Reward points program) through Betterware's distributors and associates, and Jafra's leaders and consultants accumulate points on sales of goods that entitle them to exchange the points for products the Group acquires from different suppliers. Since these points provide a benefit to distributors and associates that they would not receive without purchasing the Group products, this loyalty program represents a separate performance obligation.

Therefore, the transaction price is allocated between the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the fair value of the product to be given when the points are redeemed by the distributors and associates and the likelihood of redemption, as evidenced by the Group's historical experience. Additionally, a contractual liability is recognized in provisions and others in the statement of consolidated financial position for the revenue related to points earned at the time of the initial sales transaction with reducing the revenue recognized upon the initial sale of the goods. Revenue from the loyalty points is recognized when the points are redeemed by the customer and exchanged for the related products. Revenue for points that are not expected to be redeemed is recognized in proportion to the pattern of rights exercised by customers.

Variable considerations

The Group adjusts the transaction price according to the estimations that may result in a variable consideration. These estimates are determined according to the terms and conditions of the contracts with the customer, the history or the customer's performance.

Contract costs

The Group recognizes the incremental costs to obtain a contract with a client in the consolidated results of the period because they correspond to contracts with a duration of less than one year, in line with the revenue recognition model concerning the transfer of the goods related to the cost.

x. Earnings per share

The amount of basic earnings per share is calculated by dividing the net income for the period attributable to shareholders of the Group's ordinary shares by the weighted average of the ordinary shares outstanding during the period.

The amount of diluted earnings per share is calculated by dividing the net income attributable to shareholders of the Group's common shares (after adjusting for interest on convertible preferred shares, if applicable) by the weighted average of the common shares outstanding during the period plus the weighted average number of ordinary shares that would have been issued at the time of converting all diluted potential ordinary shares into ordinary shares.

y. Contingencies

Significant obligations or losses related to contingencies are recognized when it is probable that their effects will materialize and there are reasonable elements for their quantification. If these reasonable elements do not exist, their disclosure is included qualitatively in the notes to the consolidated financial statements. Income, profits or contingent assets are recognized until such time as there is certainty of their realization.

z. Social capital

The Group's ordinary shares are classified as share capital within stockholders' equity and are expressed at their historical cost.

When any entity of the Group purchases shares issued by the company (treasury shares), the consideration paid, including the costs directly attributable to said acquisition (net of taxes), is recognized as a decrease in the Group's capital until the shares are canceled or reissued. When these shares are reissued, the consideration received, including incremental costs directly attributable to the transaction (net of tax) is recognized in the Group's capital.

The Group's share repurchases have been carried out through the stock exchange on which they are listed (previously on Nasdaq and beginning in June 2024, on the New York Stock Exchange "NYSE") and are carried out with a charge to the Group's stockholders' equity; The maximum repurchase amount is approved by the Board of Directors for each fiscal year, without said repurchases exceeding the company's net profits (including retained profits).

In accordance with the Mexican General Corporate Law, the Group has its legal reserve of 20% of the historical capital, in order to maintain a minimum amount of capital in the reserve in the event of an unforeseen need for funds, which is recognized in retained earnings.

Retained earnings correspond to the accumulated results of previous year's net of dividend payments.

3. Changes in material accounting policies

a. Application of new and revised International Financial Reporting Standards ("IFRSs" or "IAS") that are mandatorily effective for the current year

In the current year, the Group has applied a number of new and amended IFRS and interpretations issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2024. The conclusions related to their adoption are described as follows:

New and amended IFRS Standards that are effective for the current year

The Group adopted the following amendments in the current year:

- Amendments to IAS 1, – Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants. As a result of the amendments, the Group had no impacts on the adoption of this amendment since the Group's accounting policy is to classify its liabilities according to the contractual maturities at the end of the reporting period, without considering the future refinancing plans that it defines in its liquidity financial risk management strategy. The amendment to IAS 1 had an impact on the Company's disclosures related to non-current liabilities with covenants. See note 16.
- Amendments to IFRS 16 – Lease Liability in Sale and Leaseback. The Group did not have an impact on the adoption of this amendment since it has not entered into sale and leaseback transactions.
- Amendments to IAS 7 and IFRS 7, – Supplier Finance Arrangements. The Group is subject to financing agreements with suppliers that relate to the Group's operating activities, the terms of which are similar in nature to accounts payable to suppliers (see note 15). The amendment impacted the Company's disclosures related to supplier financing arrangements. See note 15.
- Agenda Decision on Segment Reporting – In July 2024, the IASB published its decision on segment reporting, which clarifies certain segment disclosure requirements. The Company adopted this decision and expanded its segment reporting; see note 26.

New and revised IFRS Standards in issue but not yet effective

As of the date of issuance of these financial statements, the Group has not applied the following new and revised IFRS, nor improvements issued by the IASB that have been published but are not yet effective.

- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial position, statement of profit or loss and the disclosure of performance measures defined by Management within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:
 - IFRS 18 has specific requirements regarding the category in which gains or losses on derivatives are recognized, which is the same category as the risk-related income and expenses used for managing derivatives. Although the Group currently recognizes these financial derivatives gains or losses in financial costs, there could be a change in where these gains or losses are recognized, and the Group is currently evaluating the need for a change.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the Group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - Management-defined performance measures;
 - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and

- o for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, IFRS 18 introduces changes to the starting point of cash flow and the way interest received, and interest paid are presented.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

In addition, the Group does not see potential impacts from its adoption, of the following standards and amendments considering that some are not of significant applicability and others are totally not applicable to the balances and transactions carried out by the Group.

- Amendments to IAS 21 – Absence of Convertibility ⁽¹⁾. The Group does not foresee any impact from this amendment because it has not entered into transactions with currencies that are considered non-exchangeable so far.
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments ⁽²⁾. The Group does not expect these amendments to have an impact on the measurement and classification of its financial instruments.
- Annual Amendments to International Financial Reporting Standards – Volume 11 ⁽²⁾. The Group does not foresee any impacts from the annual amendments considering that the main purpose of these amendments is to increase the clarity of the affected standards.
- IFRS 19 – Disclosures by Subsidiaries without Public Accountability ⁽³⁾. The Group is in the process of analyzing the new requirements and the benefits of reduced disclosures when adopting IFRS 19. The Group will evaluate the possible impacts on entities that could adopt this new standard to determine whether it will choose to apply IFRS 19.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management of the Group is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The judgments, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(1) Effective for annual periods beginning on or after January 1, 2025.

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

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

The significant estimates impacting the Group's consolidated financial statements are as follows:

- Key assumptions used in impairment testing of Goodwill and on long-lived intangible assets

The Group performs annual impairment testing on Goodwill and long-lived intangible assets, for which key assumptions are used in the calculation of the recoverable amount (see note 12). For impairment testing, goodwill and brands with indefinite useful life are allocated to the group of cash generating units ("CGU"), from which the group has considered that economic and operational synergies of business combinations are generated. The recoverable amounts of the group of CGU have been determined based on the calculations of its fair value less disposal costs, which require the use of estimates.

The most significant of these assumptions are as follows:

- Discount rate based on the weighted average cost of capital (WACC) of the group of CGU.
- Average revenue growth rate.

- Critical estimation on the determination of fair values in business combinations by "Jafra's Acquisition" and the ongoing impairment assessment of goodwill and long-lived intangible assets.

When business combinations are completed, it is required to apply the acquisition method to recognize the identifiable net assets acquired at fair value, on the acquisition date. Any excess of the consideration paid over the identified net assets is recognized as goodwill, which is evaluated for impairment annually by estimating the recoverable amount which is based on the fair value less disposal costs. For its part, any excess of the net assets identified over the consideration paid is recognized as a gain within the result of the year.

In estimating the fair values of identifiable assets acquired and liabilities assumed, the Company uses observable market data available. When input data is not available, the Company engages a qualified independent appraiser to perform the valuation. Management works closely with the independent qualified appraiser to establish the appropriate valuation techniques, assumptions, input data and criteria to be used in the valuation models.

5. Cash and cash equivalents

		<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash on hand in banks	Ps.	287,968	383,114	367,076
Time deposits		<u>8,590</u>	<u>166,616</u>	<u>448,568</u>
	Ps.	<u>296,558</u>	<u>549,730</u>	<u>815,644</u>

6. Trade account receivables

		<u>2024</u>	<u>2023</u>	<u>2022</u>
Trade account receivables	Ps.	1,490,035	1,404,541	1,092,855
Expected credit loss		<u>(356,942)</u>	<u>(332,086)</u>	<u>(121,792)</u>
	Ps.	<u>1,133,093</u>	<u>1,072,455</u>	<u>971,063</u>

As of December 31, 2024, 2023 and 2022, the payment period granted to customers is 14 and 30 days for Betterware and Jafra, respectively. No interest is charged on outstanding accounts receivable.

The Group measures the loss reserve for commercial accounts receivable in an amount equal to the expected lifetime credit loss. Expected credit losses in accounts receivable are estimated using a provisions matrix with reference to the debtor's previous default history and an analysis of the debtor's current financial situation, adjusted for factors specific to the debtors and the general economic conditions of the industry in which the debtors operate, and assessing both current and predicted conditions as of the reporting date.

The Group's significant growth in recent years has caused volatility in collections. Because of this, management has applied significant estimation to determine the estimated expected credit losses as of December 31, 2024, 2023 and 2022, where the weighting of the historical behavior was analyzed, given what happened due to the extraordinary events of the COVID-19 pandemic, thus normalizing the expectation of future credit losses. The expected credit loss calculation is adjusted to reflect forward-looking information on macroeconomic factors that could affect customers' ability to repay their debts.

The Group cancels an account receivable when there is information that indicates that the debtor is experiencing serious financial difficulties and there is no realistic prospect of recovery, e.g. when the debtor has been placed in liquidation or has entered bankruptcy proceedings, or when a commercial account receivable is more than one year old, whichever occurs first. For the years ended December 31, 2024, 2023 and 2022, Ps.321,399, Ps.94,194 and Ps.237,928 have been canceled, respectively.

The following tables show the expected lifetime credit loss recognized for commercial trade accounts receivable, in accordance with the simplified approach established in IFRS 9.

Commercial trade receivables – days past due									
As of December 31, 2024	Betterware de México				Jafra in Mexico and United States				Total
	Not past due	14-21	21-28	>28	Not past due	>30-59	>60-120	>120	
Expected credit loss rate	2%	5%	11%	63%	7%	26%	58%	75%	
Gross amount of account receivable	Ps. 471,339	26,320	15,129	165,967	466,770	85,258	73,850	185,402	1,490,035
Expected credit loss	Ps. 9,090	1,342	1,696	105,099	34,945	22,379	42,518	139,873	356,942

Commercial trade receivables – days past due									
As of December 31, 2023	Betterware de México				Jafra in Mexico and United States				Total
	Not past due	14-21	21-28	>28	Not past due	>30-59	>60-120	>120	
Expected credit loss rate	2%	8%	14%	58%	8%	26%	57%	76%	
Gross amount of account receivable	Ps. 456,616	25,165	16,939	175,534	418,654	79,281	61,568	170,784	1,404,541
Expected credit loss	Ps. 8,935	2,104	2,455	101,305	31,511	20,622	35,281	129,873	332,086

Commercial trade receivables – days past due

As of December 31, 2022	Betterware de México				Jafra in Mexico and United States				Total
	Not past due	14-21	21-28	>28	Not past due	>30-59	>60-120	>120	
Expected credit loss rate	1%	18%	39%	41%	1%	7%	21%	61%	
Gross amount of account receivable	Ps. 365,978	24,198	15,592	161,204	374,039	77,509	31,366	42,969	1,092,855
Expected credit loss	Ps. 3,561	4,337	6,142	66,126	3,589	5,130	6,735	26,172	121,792

The following tables show the movement in lifetime expected credit loss that has been recognized for commercial trade account receivables, in accordance with the simplified approach set out in IFRS 9.

	Total
Balance as of January 1, 2022	Ps. (90,164)
Expected credit loss	(269,595)
Amounts written off	237,928
Foreign currency translation effect	39
Balance as of December 31, 2022	(121,792)
Expected credit loss	(304,501)
Amounts written off	94,194
Foreign currency translation effect	13
Balance as of December 31, 2023	(332,086)
Expected credit loss	(346,124)
Amounts written off	321,399
Foreign currency translation effect	(131)
Balance as of December 31, 2024	Ps. (356,942)

Long term account receivable from the sale of the “San Angel” property

As of December 31, 2024 the Company recognized an account receivable arising from the sale of the San Ángel de Jafra Mexico property. The sale transaction was agreed for a total price of Ps.385,700, of which only Ps.140,000 has been collected as of December 31, 2024. The remaining Ps.245,700 will be covered in semiannual payments until 2027.

This receivable was initially recognized at fair value, which was determined as the present value of future cash flows using an effective rate of 10.1%. As of December 31, 2024, management decided not to recognize an expected credit loss effect on the San Ángel account receivable because the probability of non-collection was considered low and the payments are secured by the mortgage on the same property.

7. Inventories and cost of sales

	2024	2023	2022
Finished goods	Ps. 1,877,018	1,395,220	1,568,459
Raw materials	272,958	257,686	109,681
Packing material	117,689	130,341	262,480
	2,267,665	1,783,247	1,940,620
Merchandise in transit	237,428	247,286	182,050
	Ps. 2,505,093	2,030,533	2,122,670

Inventories recognized within cost of sales in the income statement during the year were Ps.4,479,741, Ps.4,230,600 y Ps.3,953,007 for the years of 2024, 2023, and 2022, respectively.

The cost of inventories recognized as an expense includes Ps.78,932, Ps.81,913 and Ps.72,988, for the years 2024, 2023 and 2022, respectively, in respect of write-downs of inventory to net realizable value. Such write-downs have been recognized to account for obsolete inventories.

8. Prepaid expenses

		2024	Restated* 2023	2022
Advances to suppliers	Ps.	28,555	32,773	12,891
Premiums paid in advance for insurance		28,043	21,419	16,238
Other		31,084	23,276	23,433
	Ps.	87,682	77,468	52,562

(*) Details of the restatement are shown in note 2b.

9. Other assets

		2024	2023	2022
Inventory of rewards	Ps.	130,411	204,117	153,168
Security deposit		14,366	13,325	8,654
Rewards catalogs		7,860	11,233	13,009
Recoverable taxes		2,290	1,741	2,133
Accounts receivable from consultors		1,660	41,699	42,878
Other receivables		5,246	12,330	15,099
		161,833	284,445	234,941
Current		147,329	230,688	188,266
Non-current		14,504	53,757	46,675
	Ps.	161,833	284,445	234,941

10. Property, plant and equipment, net

		2024	2023	2022
Acquisition cost	Ps.	2,281,654	3,258,234	3,190,297
Accumulated depreciation		(480,179)	(347,881)	(216,923)
	Ps.	1,801,475	2,910,353	2,973,374

Acquisition cost:	As of December 31, 2023	Additions	Disposals	Transfers	Foreign currency translation	As of December 31, 2024
Land	Ps. 1,302,493	-	(808,247)	(206,581)	-	287,665
Molds and machinery	611,337	207	(4,426)	36,366	-	643,484
Vehicles	32,193	2,284	(2,996)	-	-	31,481
Computers and equipment	126,324	21,808	(10,199)	31,583	24,460	193,976
Leasehold improvements	38,562	-	(15,856)	130,954	-	153,660
Buildings	1,062,347	1,021	(118,116)	-	-	945,252
Construction in progress	84,978	148,603	(8,594)	(198,903)	52	26,136
	Ps. 3,258,234	173,923	(968,434)	(206,581)*	24,512	2,281,654

(*) Transfer to assets held for sale see note 1b.

			As of December 31, 2023	Depreciation expense	Disposals	Foreign currency translation	As of December 31, 2024	
Accumulated depreciation:								
Molds and machinery			Ps. (174,392)	(78,360)	3,938	-	(248,814)	
Vehicles			(14,060)	(7,000)	1,976	-	(19,084)	
Computers and equipment			(17,554)	(39,008)	9,964	(22,401)	(68,999)	
Leasehold improvements			(27,569)	(6,750)	15,818	-	(18,501)	
Buildings			(114,306)	(49,030)	38,555	-	(124,781)	
			Ps. (347,881)	(180,148)	70,251	(22,401)	(480,179)	
			As of December 31, 2022			Foreign currency translation	As of December 31, 2023	
Acquisition cost:				Additions	Disposals	Transfers		
Land			Ps. 1,302,493	-	-	-	-	1,302,493
Molds and machinery			558,027	1,002	(9,058)	61,366	-	611,337
Vehicles			21,773	2,099	(3,168)	11,489	-	32,193
Computers and equipment			122,502	16,583	(11,879)	17,593	(18,475)	126,324
Leasehold improvements			43,238	-	(4,820)	144	-	38,562
Buildings			1,032,032	-	-	30,315	-	1,062,347
Construction in progress			110,232	105,871	(9,900)	(120,907)	(318)	84,978
			Ps. 3,190,297	125,555	(38,825)	-	(18,793)	3,258,234
			As of December 31, 2022	Depreciation expense	Disposals	Foreign currency translation	As of December 31, 2023	
Accumulated depreciation:								
Molds and machinery			Ps. (103,267)	(74,657)	3,532	-	(174,392)	
Vehicles			(9,095)	(5,968)	1,003	-	(14,060)	
Computers and equipment			(7,997)	(37,443)	11,829	16,057	(17,554)	
Leasehold improvements			(31,066)	(1,323)	4,820	-	(27,569)	
Buildings			(65,498)	(48,808)	-	-	(114,306)	
			Ps. (216,923)	(168,199)	21,184	16,057	(347,881)	
			As of January 1, 2022	Subsidiaries’ Acquisitions		Foreign currency translation	As of December 31, 2022	
Acquisition cost:				Additions	Disposals	Transfers		
Land			Ps. 49,256	1,253,237	-	-	-	1,302,493
Molds and machinery			270,148	237,818	1,081	(18,319)	67,299	558,027
Vehicles			17,714	-	6,183	(2,124)	-	21,773
Computers and equipment			80,979	101,512	9,605	(99,640)	32,544	122,502
Leasehold improvements			38,115	1,430	479	-	3,214	43,238
Buildings			678,298	321,994	-	-	31,740	1,032,032
Construction in progress			97,284	41,790	107,260	(1,302)	(134,797)	110,232
			Ps. 1,231,794	1,957,781	124,608	(121,385)	-	3,190,297

Accumulated depreciation:	As of January 1, 2022	Depreciation expense	Disposals	Foreign currency translation	As of December 31, 2022
Molds and machinery	Ps. (48,761)	(60,965)	6,459	-	(103,267)
Vehicles	(5,283)	(3,992)	180	-	(9,095)
Computers and equipment	(54,188)	(40,738)	84,523	2,406	(7,997)
Leasehold improvements	(29,936)	(1,134)	4	-	(31,066)
Buildings	(24,134)	(41,364)	-	-	(65,498)
	Ps. (162,302)	(148,193)	91,166	2,406	(216,923)

Depreciation expense is included in administrative expenses and cost of sales line in the consolidated statement of profit or loss and other comprehensive income. During 2024, an impairment loss of Ps. 166,581 was determined on assets held for sale, during 2023 and 2022 no impairment losses were determined.

The Group built a distribution center, which was ready to use in 2021 and it was started to capitalization began to be capitalized in that year, however, the construction remainder was completed until 2023. As of December 31, 2023, and 2022, the total payments related to this construction amounted to Ps.2,349 and Ps.37,500, respectively. The total investment amounted to Ps.1,110,807.

During 2024, 2023 and 2022 there was no capitalization of interest associated with qualifying assets.

As of December 31, 2024, the Group carried out the sale of the properties “Las Flores” and “San Ángel” for the price of Ps.16,500 and Ps.385,700, respectively. As a result of the sale of said properties, the Group recognized an accounting loss of Ps.60,614 and Ps.469,108, respectively, as described in note 1a.

As of December 31, 2024, the Company reclassified the O’Farril land in Jafra Mexico from property, plant and equipment to assets classified as held for sale for a value of Ps.40,000. At the end of 2024, the carrying amount of O’Farril was Ps.206,581 (value recorded in the acquisition of Jafra businesses), which was impaired to its fair value of Ps.166,581 due to the decrease in the market value of the properties in Mexico City. This impairment is presented into administrative expenses.

11. Business combination

On January 18, 2022, the Company entered into an agreement to acquire 100% of Jafra in Mexico and the United States, along with its “Jafra” trademarks. Jafra is a leading global brand in direct sales in the Beauty and Personal Care (B&PC) industry with a strong presence in Mexico and the United States with independent leaders and consultants who sell unique products. In addition to entering the beauty and personal care industry, the Jafra acquisition provides a unique opportunity for the Company to expand its geographic presence into the United States, enhancing its international focus on the North American.

On March 24, 2022, the Federal Economic Competition Commission (“COFECE”) approved the transaction, which was concluded on April 7, 2022.

The Jafra acquisition led the Group to enter in the Beauty and Personal Care (B&PC) industry market.

The assets and liabilities to date are as follows:

Assets and liabilities to fair value	Note
Current assets and others non-current assets	Ps. 2,885,952
Property, plant and equipment, net	10 1,957,784
Intangible assets	13 1,394,424
Current liabilities and non-current liabilities	(1,630,260)
Deferred income tax	(813,661)
Total identifiable assets acquired, and liabilities assumed	3,794,239
Goodwill	12 1,250,132
Total assets acquired, net	Ps. 5,044,371

Goodwill is attributable to the profitability of the acquired business. It will not be deductible for tax purposes.

Current assets and other non-current assets include accounts receivable with a contractual value of Ps.736,063 and an expected loss estimate of Ps.243,954; therefore, the fair value of accounts receivable is Ps.492,109.

The funds necessary to pay the purchase price under the Jafra Acquisition were obtained from a long-term bank loan “Syndicated Loan” of Ps.4,498,695, (see note 16), plus the available cash of Betterware in dollars of US\$30,000. The total cash paid in pesos for the Jafra Acquisition was Ps.5,044,371.

Net cash outflow arising on acquisition:

Cash out	Ps.	5,044,371
Less cash and cash equivalent balances acquired from Jafra		(345,908)
Net cash used (investing activities)	Ps.	4,698,463

The revenues contributed by Jafra included in the consolidated statement of profit or loss from the effective acquisition date to December 31, 2022, were Ps.5,164,205 and net income of Ps.493,062. If the acquisition had been made on January 1, 2022, the net revenues in the consolidated statement of income for the year ended December 31, 2022, would have been Ps.13,377,529 and net income of Ps.1,097,092.

At the acquisition completion date, no contingent liabilities arose that needed to be recorded, nor were there any contingent consideration agreements. Additionally, acquisition costs were not significant.

12. Goodwill

	As of December 31, 2023	Additions	Disposals	As of December 31, 2024
Cost	Ps. 1,599,718	-	-	1,599,718

	As of December 31, 2022	Additions	Disposals	As of December 31, 2023
Cost	Ps. 1,599,718	-	-	1,599,718

	As of January 1, 2022	Additions	Disposals	As of December 31, 2022
Cost	Ps. 371,075	1,251,277	(22,634)	1,599,718

Goodwill and indefinite-lived intangible assets are allocated to those cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the related business combination, and these represent the lowest level within the Group at which management monitors goodwill. The level of cash-generating units or group of cash-generating units is based on management’s monitoring of the operating business.

The Group's goodwill balances were allocated as follows:

	As of December 31:		
	2024	2023	2022
Betterware	Ps. 348,441	348,441	348,441
Jafra Mexico	1,250,132	1,250,132	1,250,132
Finayo	1,145	1,145	1,145
Total	Ps. 1,599,718	1,599,718	1,599,718

The Betterware's goodwill, corresponds to the resulting excess between the consideration given and the fair values of the net assets acquired on the acquisition date by Betterware Latinoamerica Holding México, S.A. de C.V. (BLHM) and Strevo Holding, S.A. de C.V.

During the 2022 period, GuruComm and Innova Catálogos ceased to belong to the Group in the months of March and November, respectively, therefore, the goodwill is shown as disposals for Ps.22,634 in that year.

On March 25, 2022, Betterware and Programa Lazos, S.A. de C.V., acquired 2% and 98%, respectively, of the participation in shares of Finayo, S.A.P.I. de C.V. SOFOM ENR. The Group recorded a goodwill of Ps.1,145 corresponding to the excess of the consideration paid and the fair values of the net assets acquired for the acquisition of 100% of Finayo. In June 2023, the percentage of participation in Finayo was modified as follow: an increase in Betterware from 2% to 99.05% and a decrease in Programa Lazos from 98% to 0.95%.

On April 7, 2022, Betterware acquired 100% of Jafra in Mexico and the United States, along with its trademarks "Jafra"; the total cash agreed amounted to Ps.5,044,371 (see note 11). The addition to goodwill for Ps.1,250,132 corresponds to the excess of the consideration paid and the fair values of the net assets acquired for the acquisition of 100% of Jafra Cosmetics International S.A. de C.V., Jafra México Holding B.V. and Jafra Cosmetics International Inc.

Impairment tests

Cash-generating units where goodwill is allocated and indefinite-lived intangible assets are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

The recoverable value of CGUs or group of CGUs was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was classified as Level 3 fair value based on the inputs to the valuation technique used.

The values assigned to the key assumptions represent the administration's assessment of future trends in relevant industries and are based on historical data from external and internal sources.

As of December 31, 2024, 2023 and 2022, the estimated recoverable amount of the group of CGUs exceeded its carrying amount.

The key assumptions used in the estimation of the recoverable amount are set out below:

In percentages	2024		2023		2022	
	Betterware	Jafra México	Betterware	Jafra México	Betterware	Jafra México
Discount rate	12.4	15.1	14.7	16.7	10.0	9.1
Average revenue growth rate	4.6	14.5	5.0	9.0	2.3	8.1
Terminal value growth rate	3.7	3.0	3.3	3.3	0.0	2.0
EBITDA margin (earnings before interest, taxes, depreciation and amortization)	22.2	20.6	27.5	19.0	30.0	15.3

The discount rate was based on the historical industry average, weighted-average cost of capital and a market interest rate.

The average revenue growth rate is derived from management plans that are in line with industry behavior.

The cash flow projections included specific estimates for 5 years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. For Betterware, a terminal growth rate of 1.0% was used to corroborate that even then there would be no impairment of the assets.

Budgeted EBITDA was estimated taking into account past experience and a revenue growth rate projected taking into account the average growth levels experienced over the past 5 years and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.

There are no reasonably possible changes in any of the key assumptions that would result in potential impairment, for the next twelve months.

13. Intangible assets, net

	2024		2023		2022	
Acquisition cost	Ps.	1,891,360		1,883,780		1,878,269
Accumulated depreciation		(321,137)		(233,827)		(134,387)
	Ps.	1,570,223		1,649,953		1,743,882
Acquisition cost:	As of December 31, 2023	Additions	Disposals	Foreign currency translation	As of December 31, 2024	
Brand	Ps. 1,102,106	-	-	-	1,102,106	
Customer relationships	617,808	-	-	-	617,808	
Software	158,242	7,478	-	-	165,720	
Brands and logo rights	5,624	102	-	-	5,726	
	Ps. 1,883,780	7,580	-	-	1,891,360	

		As of December 31, 2023	Amortization expense	Disposals	Foreign currency translation	As of December 31, 2024	
Accumulated amortization:							
Customer relationships		Ps. (142,146)	(52,451)	-	3,743	(190,854)	
Software		(86,522)	(38,517)	-	-	(125,039)	
Brands and logo rights		(5,159)	(85)	-	-	(5,244)	
		Ps. (233,827)	(91,053)	-	3,743	(321,137)	
Acquisition cost:		As of December 31, 2022	Additions	Disposals	Foreign currency translation	As of December 31, 2023	
Brand		Ps. 1,102,106	-	-	-	1,102,106	
Customer relationships		617,808	-	-	-	617,808	
Software		152,783	5,459	-	-	158,242	
Brands and logo rights		5,572	52	-	-	5,624	
		Ps. 1,878,269	5,511	-	-	1,883,780	
Accumulated amortization:		As of December 31, 2022	Amortization expense	Disposals	Foreign currency translation	As of December 31, 2023	
Customer relationships		Ps. (84,145)	(52,551)	-	(5,450)	(142,146)	
Software		(45,159)	(41,363)	-	-	(86,522)	
Brands and logo rights		(5,083)	(76)	-	-	(5,159)	
		Ps. (134,387)	(93,990)	-	(5,450)	(233,827)	
Acquisition cost:		As of January 1, 2022	Subsidiaries' Acquisitions	Additions	Disposals	Foreign currency translation	As of December 31, 2022
Brand	Ps.	253,000	840,616	9,493	-	(1,003)	1,102,106
Customer relationships		64,000	553,808	-	-	-	617,808
Software		111,340	-	41,443	-	-	152,783
Brands and logo rights		5,463	-	109	-	-	5,572
		Ps. 433,803	1,394,424	51,045	-	(1,003)	1,878,269
Accumulated amortization:		As of January 1, 2022	Amortization expense	Disposals	Foreign currency translation	As of December 31, 2022	
Customer relationships		Ps. (43,733)	(40,412)	-	-	(84,145)	
Software		(15,473)	(29,686)	-	-	(45,159)	
Brands and logo rights		(4,837)	(246)	-	-	(5,083)	
		Ps. (64,043)	(70,344)	-	-	(134,387)	

Brands:

- The “Betterware” brand is an intangible asset with an indefinite useful life and a carrying amount of Ps.253,000, which is presented in the consolidated statements of financial position. This brand was transmitted to the Group through a merger carried out on July 28, 2017, with Strevo Holding, S.A. de C.V. (a related party under common control). Strevo obtained such brand when acquiring the majority of the Betterware’s shares in March 2015.
- The “Jafra” brands are intangible assets with an indefinite useful life and a carrying amount of Ps.849,106, which is presented in the consolidated statements of financial position. Since the business combination with the Group on the date of on April 7, 2022, the Jafra brands were valued at their fair value.

Brands are not amortized. The Company annually tests the recoverable amount of its goodwill and indefinite-lived intangible assets that amount to Ps.1,599,718 and Ps.1,102,106, respectively, of which Ps.1,250,132 and Ps.849,106, respectively, and which are related to the group of cash generating units of Jafra Mexico.

Customer relationships:

- The intangible for the relationship with customers of Betterware was transferred to the Group through a merger with Strevo carried out on July 28, 2017, this intangible asset has a useful life of ten years and is amortized using the straight-line method.
- The intangible for the relationship with customers of Jafra arose from the valuation of assets acquired and liabilities assumed by business combination dated April 7, 2022, this intangible asset has a useful life of twelve years and are amortized using the straight-line method. The calculation comprised the revenues attributable to Jafra Mexico and the total number of consultants as of the valuation date. In addition, future revenues, growth rate and desertion were projected.

The customers relationships balance of the Group is described below:

	As of December 31:		
	2024	2023	2022
Betterware	Ps. 1,067	7,467	13,867
Jafra Mexico	425,887	468,195	519,796
Total of customers relationships	Ps. 426,954	475,662	533,663

Brands and logo rights

- Betterware has incurred expenses related to the registration of trademarks and logos rights with intellectual property authorities, which have a defined life, are amortized linearly over their estimated useful life, which ranges from 10 to 30 years. As of December 31, 2024, 2023 and 2022, intangible assets for brands and logo rights are presented in the consolidated statement of financial position for a total of Ps.482, Ps.465, and Ps.489, respectively.

At each reporting date, the Group reviews the carrying amounts of its intangible assets with a definitive life to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. As of December 31, 2024, 2023 and 2022, the Group has been not identified indications of impairment.

In relation to impairment of intangible assets with indefinite useful life (brand), the Group estimates the recoverable amount of the intangible asset which is based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used (see note 12).

14. Leases

Right-of-use assets, net

The Group leases a fleet of cars for operating activities and as a work tool, as well as computers, servers, printers, real estate (Jafra distribution center and commercial venues) with different expiration dates, with the latest expiration date in 2034. These leases were recorded as right of use assets as follows:

			2024	Restated (*) 2023	2022
Cost	Ps.		621,394	556,293	381,824
Accumulated depreciation			(307,371)	(194,732)	(88,259)
	Ps.		314,023	361,561	293,565
	As of December 31, 2023	Additions	Disposals	Foreign currency translation	As of December 31, 2024
Vehicles	Ps. 137,408	65,109	(20,809)	2,266	183,974
Buildings	225,936	-	(2,430)	10,927	234,433
Warehouses	117,854	4,036	(761)	6,240	127,369
Office furniture and equipment	8,395	433	-	-	8,828
Computer equipment	66,700	2,122	(2,032)	-	66,790
Cost	Ps. 556,293	71,700	(26,032)	19,433	621,394
	As of December 31, 2023	Additions	Disposals	Foreign currency translation	As of December 31, 2024
Vehicles	Ps. (54,394)	(38,996)	18,999	(1,325)	(75,716)
Buildings	(40,178)	(33,812)	(2,344)	(4,059)	(80,393)
Warehouses	(59,919)	(26,560)	-	(4,065)	(90,544)
Office furniture and equipment	(2,919)	(2,650)	-	-	(5,569)
Computer equipment	(37,322)	(18,967)	1,140	-	(55,149)
Accumulated depreciation	Ps. (194,732)	(120,985)	17,795	(9,449)	(307,371)

		As of December 31, 2022	Additions	Disposals	Foreign currency translation	As of December 31, 2023(*) Restated
Vehicles	Ps.	107,542	49,934	(18,206)	(1,862)	137,408
Buildings		94,616	139,645	-	(8,325)	225,936
Warehouses		119,903	2,718	-	(4,767)	117,854
Office furniture and equipment		8,151	3,172	(2,928)	-	8,395
Computer equipment		51,612	15,088	-	-	66,700
Cost	Ps.	381,824	210,557	(21,134)	(14,954)	556,293
		As of December 31, 2022	Additions	Disposals	Foreign currency translation	As of December 31, 2023(*) Restated
Vehicles	Ps.	(20,918)	(41,266)	6,275	1,515	(54,394)
Buildings		(12,947)	(30,306)	1,647	1,428	(40,178)
Warehouses		(35,275)	(26,158)	-	1,514	(59,919)
Office furniture and equipment		(1,346)	(2,651)	1,078	-	(2,919)
Computer equipment		(17,773)	(19,549)	-	-	(37,322)
Accumulated depreciation	Ps.	(88,259)	(119,930)	9,000	4,457	(194,732)

(*) Details of the restatement are shown in note 2b.

	As of January 1, 2022	Subsidiaries' Acquisitions	Additions	Disposals	Foreign currency translation	As of December 31, 2022
Vehicles	Ps. 623	59,657	48,433	(1,171)	-	107,542
Buildings	-	7,049	88,051	(484)	-	94,616
Warehouses	17,101	53,575	49,227	-	-	119,903
Office furniture and equipment	-	2,697	5,454	-	-	8,151
Computer equipment	19,968	27,803	3,856	(15)	-	51,612
Cost	Ps. 37,692	150,781	195,021	(1,670)	-	381,824
		As of January 1, 2022	Additions	Disposals	Foreign currency translation	As of December 31, 2022
Vehicles	Ps.	(147)	(21,795)	1,024	-	(20,918)
Buildings		-	(12,947)	-	-	(12,947)
Warehouses		(17,101)	(18,658)	484	-	(35,275)
Office furniture and equipment		-	(1,346)	-	-	(1,346)
Computer equipment		(3,060)	(14,419)	1	(295)	(17,773)
Accumulated depreciation	Ps.	(20,308)	(69,165)	1,509	(295)	(88,259)

The right-of-use asset depreciation expense for the years of 2024, 2023 and 2022 amounted to Ps.120,985, Ps.119,930 and Ps.69,165, respectively, and is included within administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

As of December 31, 2024, 2023 and 2022, the Group has master lease contracts for computers, servers, cars, BMW's corporate office, Jafra México's distribution center, office equipment (printers), and premises in different regions.

As of December 31, 2024, 2023 and 2022, Betterware leased warehouses, offices, commercial space, and equipment, used in normal operations of the Group's companies, to which the short-term exemption was applied, considering that the lease term was for less than one year. The rental expense for the years ended December 31, 2024, 2023 and 2022, amounted to Ps.34,111, Ps.15,295 and Ps.31,003, respectively.

Lease liability

The lease liabilities as of December 31, 2024, 2023 and 2022 are described below.

Lease liability		
Balance as of January 1, 2022	Ps.	17,880
Subsidiaries' Acquisitions ⁽¹⁾		146,187
Lease additions ⁽¹⁾		193,856
Lease disposals ⁽¹⁾		(195)
Rent payments (principal and interest) ⁽²⁾		(76,214)
Foreign currency translation ⁽¹⁾		(1,172)
Interest expense ⁽¹⁾		11,566
Balance as of December 31, 2022		291,908
Lease additions ⁽¹⁾		210,557
Lease disposals ⁽¹⁾		(12,298)
Rent payments (principal and interest) ⁽²⁾		(123,241)
Foreign currency translation ⁽¹⁾		(12,526)
Interest expense ⁽¹⁾		34,321
Balance as of December 31, 2023(*) Restated		388,721
Lease additions ⁽¹⁾		71,700
Lease disposals ⁽¹⁾		(7,849)
Rent payments (principal and interest) ⁽²⁾		(155,361)
Foreign currency translation ⁽¹⁾		13,009
Interest expense ⁽¹⁾		34,375
Balance as of December 31, 2024	Ps.	344,595

(1) Changes that do not represent cash flow

(2) Changes that represent cash flow

(*) Details of the restatement are shown in note 2b.

The maturity analysis of total future minimum lease payments, including non-accrued interest, is as follows:

Year	Amount
2025	Ps. 132,913
2026	98,931
2027	60,831
2028	31,359
2029-2034	139,778
	Ps. 463,812

15. Accounts payable to suppliers and accrued expenses

Trade accounts payables to the Group's suppliers principally comprise amounts outstanding for trade purchases, raw material, and ongoing costs.

The average payment period to Betterware's suppliers is 4 months mainly for its commercial purchases and to Jafra's suppliers is 30 days for the commercial area and 90 days for the manufacturing area, without interest for all Group. The Group has financial risk management policies (see note 21) to ensure that all accounts payable are paid within the previously agreed credit terms.

Supplier finance arrangements:

Supplier financing agreements are characterized by one or more banks offering to pay the amounts a company owes its suppliers. The company subsequently pays the banks according to the original terms and conditions agreed upon with the suppliers. These agreements provide the entity's suppliers with early payment terms, compared to the payment due date of the related invoice.

The Group has established certain supplier financing agreements with five local banks (Banamex, BBVA, HSBC, Santander, and Sabadell), through which suppliers can discount their invoices before the payment period originally agreed upon with the Company. The Group is not involved in suppliers' decisions to join these programs, and there is no substantial impact on the payment terms, amounts payable, or their liquidity. Each supplier bears the financial cost of the discount. The Group has no financial interest in suppliers' decisions to participate in the program and does not provide any guarantees in connection with the agreements.

As of December 31, 2024, 2023, and 2022, the Group's payment term to its suppliers is 120 days after the original invoice date. This term is the same for suppliers under supplier financing arrangements as for comparable suppliers not party to supplier financing arrangements.

There were no impacts on liabilities under supplier financing arrangements in any of the periods as a result of business combinations or exchange rate differences, nor were there any transfers of trade payables to financial debt.

The carrying amounts of liabilities under supplier financing arrangements are considered to reasonably approximate their fair values due to their short-term nature.

The existing financial arrangements are described below:

Bank	Company	Arrangements amount	Currency	Liabilities under finance arrangement			The supplier has received payment from the finance provider		
				2024	2023	2022	2024	2023	2022
Banamex	BWM	160,000	MXN	Ps. -	94,352	109,910	Ps. -	46,225	73,332
Banamex	BWM	16,500	USD	118,181	185,607	108,967	118,181	185,607	108,967
BBVA	BWM	800,000	MXN	163,065	114,495	108,729	109,083	86,786	64,013
BBVA	JAFRA	150,000	MXN	31,265	39,226	5,564	31,265	39,226	5,564
HSBC	BWM	50,000	USD						
			MXN	124,291	100,835	82,025	103,498	80,923	80,176
HSBC	JAFRA	15,000	USD	56,369	1,480	-	56,369	1,480	-
Santander	BWM	10,000	USD	19,772	81,080	80,072	19,772	81,080	80,072
Sabadell	BWM	6,000	USD	16,388	28,514	15,648	16,388	28,514	15,648
				Ps. 848,192	957,576	668,015	Ps. 773,417	861,828	584,872

The Company pays banks an annual fee for supplier financing agreements. At the end of 2024, 2023 and 2022, this amounted to Ps.13,060, Ps.13,389 and Ps.8,654, respectively.

Accrued expenses:

The Group's accrued expenses mainly comprise outstanding payment amounts (retention of income taxes and VAT) and social security's contributions (IMSS, SAR and INFONAVIT) expenses among other accrued expenses.

16. Debt and borrowings

	2024	2023	2022
Simple credit line joint and several obligation with BBVA, up to Ps.1,500,000, with a term of 60 months and monthly interest payment at 28-day TIIE rate published in BANXICO, on non-working days, the TIIE rate could be at 26, 27 or 29 days, plus the applicable margin, such ordinary interest will be calculated by the number of days effectively elapsed over the base of a year 360 days, in addition, in case of default, interest will be paid at the ordinary interest rate multiplied by 2.0pp divided by 360 days and the result will be applied to the unpaid and past-due balances.	Ps. 1,355,000	1,500,000	-
Two-tranche sustainability bond, with maturities across 4 and 7 years, offered in the Mexican Market through the Bolsa Mexicana de Valores; the first offer of Ps.500,000 started paying interest at 5.15% plus 0.40% and for the monthly subsequent payments, the rate will be based on the 29-day TIIE rate issued by BANXICO plus 0.40%; the second offer of Ps.1,000,000 will pay interest semi-annually at a fixed rate of 8.35%, during the sustainability bond term.	1,493,237	1,488,830	1,485,545
Simple credit line with HSBC, up to Ps.950,000, valid until September 13, 2029 and monthly interest payment at the TIIE rate (the 28-day equilibrium interbank interest rate published in BANXICO), plus 1.3 points percentages, such ordinary interest will be calculated by the number of days effectively elapsed over the base of a year 360 days, in addition, in case of default, interest will be paid at the ordinary interest rate multiplied by 2.0pp divided by 360 days and the result will be applied to the unpaid and past-due balances.	902,500	950,000	-
Two-tranche bond, with maturities across 4 and 7 years, offered in the Mexican Market through the Bolsa Mexicana de Valores; the third offer of Ps.313,974 started paying interest at 12.41% and for the monthly subsequent payments, the rate will be based on the 28-day TIIE rate issued by BANXICO plus 0.90%; the fourth offer of Ps.500,000 will pay interest semi-annually or every 182 days at a fixed rate of 11.23%, during the bond term.	808,122	806,361	-
On April 5, 2022, Betterware entered into a credit line with BBVA for up to Ps.400,000 and as of May 31, 2022, through an amending agreement, the amount was strengthened for up to Ps.800,000. The line of credit bearing interest at the 28-day TIIE rate plus 100 basis points, payable monthly, with a term of 36 months from the date of signing the original contract.	120,000	300,000	-
On March 10, 2020, Betterware entered into a credit line agreement with HSBC México, S.A., for an amount of Ps.50,000. BLSM is jointly and severally liable for this credit line. On June 17, 2022, we entered into the fourth amendment agreement by which the available funds under the credit line were increased to Ps.300,000. The line bears interest at the TIIE rate plus 100 basis points.	80,000	-	-
Credit line with Banamex, with interest rate at TIIE (28 days published in BANXICO) plus 110 basis points. The line considers payments of drawdowns within no more than 90days. This short-term line of credit, which is available and paid in a term of no more than 12 months.	-	-	200,000
Simple credit line with Banamex, HSBC, BBVA, Bajío, BanCoppel and Scotiabank, up to Ps.4,498,695, with interest (28-day TIIE published in BANXICO) plus the applicable margin, such ordinary interest will be calculated by the number of days effectively elapsed over the base of a year 360 days, in addition, in case of default, interest will be paid at the ordinary interest rate multiplied by 2.0pp divided by 360 days and the result will be applied to unpaid and past-due balances.	-	-	4,432,711
Interest payable	Ps. 66,084	86,231	30,419
Total debt	4,824,943	5,131,422	6,148,675
Less: Current portion	1,156,084	508,731	230,419
Long term debt and borrowings	Ps. 3,668,859	4,622,691	5,918,256

Long term debt- Credit Line with HSBC

On September 12, 2023, Betterware signed an agreement with HSBC to acquire a simple line of credit with joint obligation, up to Ps.950,000, valid until September 13, 2029 and payment of monthly interest at the TIIE rate (the of interbank interest rate) at 28 days published in BANXICO plus 1.3bp, such ordinary interest will be calculated by the number of days effectively elapsed over the base of a year 360 days, in addition, in case of default, interest will be paid at the ordinary interest rate multiplied by 2.0pp divided by 360 days and the result will be applied to the unpaid and past-due balances.

On September 13, 2023, Betterware used the Ps.950,000 of the credit line with HSBC to pay our revolving lines.

As of December 31, 2024, the amount paid to the principal of this credit line amounts to Ps.47,500.

As of December 31, 2024, the current portion of this long-term simple line amounted to Ps.190,000.

Long term debt- Offering of bonds in Securities Commission and to the Mexican Stock Exchange (“BMV”, for its acronym in Spanish) (BWMX 23 and BWMX 23-2)

On July 7, 2023, Betterware successfully concluded the third and fourth bond issuance for a total of Ps.813,974, with maturities of 4 and 7 years, offered in the Mexican Market. The third offer of bonds for Ps.313,374 started paying interest at 12.41% rate and for the subsequent monthly payments, the rate will be based on the 28-day TIIE rate issued by Banxico plus 0.90%, and the fourth offer of Ps.500,000 will pay interest semi-annually at a fixed rate of 11.23% during the bond term. Principal payments are at the end of every bond maturity.

On July 10, 2023, Betterware used the bond amount net of issuance costs of Ps.810,197, to pay the syndicated credit line.

Long term debt- Credit Line with BBVA

On July 5, 2023, Betterware entered into a credit agreement with BBVA, up to Ps.1,500,000, with a term of 60 months and monthly interest payment at 28-day TIIE rate published in BANXICO, on non-working days, the TIIE rate could be at 26, 27 or 29 days, plus the applicable margin, such ordinary interest will be calculated by the number of days effectively elapsed over the base of a year 360 days, in addition, in case of default, interest will be paid at the ordinary interest rate multiplied by 2.0pp divided by 360 days and the result will be applied to the unpaid and past-due balances.

On July 10, 2023, Betterware used the Ps.1,500,000 of the credit line with BBVA to pay the syndicated credit line.

As of December 31, 2024, the amount paid to the principal of this credit line amounts to Ps. 145,000.

As of December 31, 2024, the current portion of this long-term simple line amounted to Ps.200,000.

Long term debt- Syndicated Credit Line

On March 31, 2022, Betterware entered into a credit agreement with Banamex, HSBC, BBVA, BanBajio, BanCoppel, and Scotiabank, as syndicated lenders, for a credit line of up to Ps.4,498,695. The funds under the credit line were entirely allocated to the Jafra Acquisition in Mexico and the United States. The credit line had a maturity of 5 years from the date of signing the contract in March 2022, which paid monthly interest at the 28-day TIIE rate plus the applicable margin established in the contract. The first 24 months the credit line had no principal payments, and from month 25 principal payments began in an increasing manner, with a global payment of 30% in month 60. Jafra subsidiaries were jointly responsible for this credit.

During the months of March and June 2023, Betterware made two principal payments for Ps.1,000,000 and Ps.250,000, respectively. On July 10, 2023, the remaining principal of the syndicated loan for Ps.3,248,695 was prepaid. The resources used came from long-term debt: Ps.1,500,000 from BBVA and Ps.810,197 from the new bond issue; and short-term loans: Ps.550,000 from the revolving line with BBVA, Ps.150,000 from the revolving line with Santander, Ps.50,000, from the revolving line with HSBC, and the remaining amount for Ps.188,498 was taken from available cash of Betterware and Jafra on the settlement date.

The Management considered the transaction as an extinguishment of the original debt (Syndicated Loan) and a new debt was recognized for the long-term simple credit lines with BBVA and HSBC, mainly due to substantial differences in financial obligations. As a result of the extinguishment of the debt from July to December 2023, the Company cancelled in profit or loss the outstanding remainder of the initial issuance costs for the original debt (syndicated credit), which amounted to Ps.50,447.

Long term debt- Offering of bonds in Securities Commission and to the Mexican Stock Exchange ("BMV", for its acronym in Spanish) (BWMX 21X and BWMX 21-2X)

On August 30, 2021, Betterware successfully concluded the offering of a two-tranche sustainability bond issuance for a total of Ps.1,500,000, with maturities across 4 and 7 years, offered in the Mexican Market and issued at favorable conditions for the Company. The first offer of sustainability bonds for Ps.500,000 started paying interest at 5.15% rate plus 0.40% and for the subsequent monthly payments, the rate will be based on the 29-day TIIE rate issued by Banxico plus 0.40%, and the second offer of Ps.1,000,000 will pay interest semi-annually at a fixed rate of 8.35% during the sustainability bond term. Principal payments are at the end of every bond maturity.

On August 31, 2021, Ps.588,300 of proceeds received from the bond offering, were used for the prepayment of the following long-term debt: Ps.521,449 were paid to the secured credit line with Banamex, acquired in December 2018, plus an additional Ps.18,172 to cancel the swap linked to that loan, and Ps.48,679 to the credit line with BBVA. The rest of the proceeds were used for general corporate purposes, including additional investments in Campus Betterware and other initiatives with positive environmental and social impacts.

Banamex- Unsecured current credit line

- Betterware has an unsecured credit line with Banamex since July 2016, for up to Ps.900,000, at a rate based on the 28-days TIIE plus 110 basis points. As of December 31, 2021, the interest rate was 28-days TIIE plus 285 basis points. During the years 2023 and 2022, Betterware used Ps.700,000 and Ps.250,000, respectively. and as of December 31, 2023, and 2022 has been reimbursed to Ps.900,000 and Ps.50,000, respectively. During 2024, BWM did not receive cash from this credit line.

As of December 31, 2022, the balance of this current line closed at Ps.200,000.

HSBC- Current credit line

- On March 10, 2020, Betterware entered into a current account credit line agreement with HSBC México, S.A., for an amount of Ps.50,000, with provisions by means of promissory notes specifying payment of principal and interest. BLSM is jointly liable for this credit. On May 4, 2020, the first amendment agreement was signed, in which the amount of the credit line was increased to Ps.150,000. On June 17, 2022, the fourth modifying agreement was signed, which increased the available funds to Ps.300,000; and it bears interest at the TIIE rate plus 100 basis points. During the years 2024, 2023 and 2022, Betterware received several deposits of this revolving line which together amounted to Ps. 1,120,000, Ps.300,000 and Ps.620,000, respectively, which, as of December 31, 2024, 2023 and 2022, had been paid.

As of December 31, 2024, the balance of this short-term line closed at Ps.80,000.

BBVA- Current credit line

- On April 5, 2022, the Group entered into a credit line with BBVA for up to Ps.400,000 and as of May 31, 2022, through an amending agreement, the amount was strengthened for up to Ps.800,000. The line of credit bearing interest at the 28-day TIIE rate plus 100 basis points, payable monthly, with a term of 36 months from the date of signing the original contract. During the years 2024, 2023 and 2022, Betterware received several deposits of this revolving line which together amounted to Ps.1,723,000, Ps.1,855,020 and Ps.450,010, respectively, which, as of December 31, 2024, 2023, and 2022, were paid Ps. 1,903,000, Ps.1,555,020 and Ps.450,010, respectively.

As of December 31, 2024 and 2023, the balance of this short-term line closed at Ps.120,000 and Ps.300,000, respectively.

Santander-Current credit line

- On May 30, 2022, Betterware entered into a current account credit agreement with Santander México, S.A., for an amount of Ps.200,000. BLSM is jointly and severally liable for this credit. The maturity date of this line of credit is May 31, 2024, and accrues interest at the TIIE rate plus 190 basis points. During fiscal year 2023, Betterware has used Ps.380,000 under such revolving credit line and which has been reimbursed to Santander. During 2024 and 2022, BWM did not receive cash from this credit line.

HSBC Revolving Credit

- On May 3, 2024, Jafra entered into a current account credit agreement with HSBC México, S.A., Institución de Banca Múltiple, for an amount of Ps.70,000. The term of the agreement is 24 (twenty-four) months from the date of execution of the agreement and accrues interest at the 28-day TIIE reference base rate plus a margin applicable to the reference rate. During 2024, Jafra has used of the revolving line Ps. 184,100, and at the end of the year were paid in full.

As of December 31, 2024, 2023 and 2022, the fair value of the debt (borrowings and long-term bond) amounted to Ps. 4,784,355, Ps.5,145,691, and Ps.6,489,926, respectively. The fair value of the long term bond in 2024, 2023 and 2022, was calculated based on level 1 of the value hierarchy, since its price is quoted in an active market on that date, meanwhile the fair value of borrowings in 2024, 2023 and 2022 was calculated based on level 2 of the fair value, using the discounted cash flow method and the Interbank Equilibrium Interest Rate ("TIIE", for its acronym in Spanish), adjusted for credit risk, and used to discount future cash flows.

Interest expenses related to the borrowings presented above are included in the interest expense item in the consolidated statement of earnings and other comprehensive income.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Long-term debt and borrowings	Interest payable	Derivative financial instruments, net
Balances as of January 1, 2022	Ps. 1,482,276	28,109	(28,193)
Changes that represent cash flows -			
Loans obtained	5,818,705	-	-
Payments	(1,120,025)	(502,847)	-
Bond issuance costs	(88,722)	-	-
Changes that do not represent cash flows:			
Interest expense	-	505,157	-
Control obtained over subsidiaries			
Amortization of bond issuance cost	3,285	-	-
Amortization of issuance cost from Long-term debt- Syndicated Credit	22,737	-	-
Valuation effects of derivative financial instruments	-	-	43,522
Balances as of December 31, 2022	6,118,256	30,419	15,329
Changes that represent cash flows -			
Loans obtained	6,498,994	-	-
Payments	(7,633,715)	(652,313)	-
Bond issuance costs	(8,355)	-	-
Changes that do not represent cash flows:			
Interest expense	-	708,125	-
Amortization of bond issuance cost	4,026	-	-
Amortization of issuance cost from Long-term debt- Syndicated Credit	15,538	-	-
Cancellation of Line issuance cost from Long-term debt- Syndicated Credit	50,447	-	-
Valuation effects of derivative financial instruments	-	-	32,591
Balances as of December 31, 2023	5,045,191	86,231	47,920
Changes that represent cash flows -			
Loans obtained	3,027,100	-	-
Payments	(3,319,600)	(603,921)	-
Changes that do not represent cash flows:			
Interest expense	-	583,774	-
Amortization of bond issuance cost	6,168	-	-
Valuation effects of derivative financial instruments	-	-	(156,766)
Balances as of December 31, 2024	Ps. 4,758,859	66,084	(108,846)

The previous table details the changes in the Group's liabilities derived from financing activities corresponding to debt and borrowings, including both monetary and non-monetary changes. Liabilities arising from financing activities are those for which cash flows are classified, or future cash flows will be classified, in the consolidated statement of cash flows as cash flows from financing activities.

The Group's long-term debt and interest maturities as of December 31, 2024, including non-accrued interest, are as follows:

Year	Amount
2025	Ps. 1,497,908
2026	1,025,563
2027	1,328,118
2028	1,595,499
2029-2030	734,406
	Ps. 6,181,494

The long-term and current debt of the credit line with HSBC and the current account credit line with Banamex contains the following financial obligations:

- a) A leverage ratio less than or equal to 3.00.
- b) A debt service coverage ratio equal to or greater than 1.25.

The long-term debt of the credit line with BBVA contains the following financial obligations:

- a) A leverage ratio equal to or less than 3.50 to 1.0.
- b) A debt service coverage ratio greater than or equal to 1.25 to 1.0.

The long-term debt of the syndicated credit line contained the following financial obligations:

- a) A leverage ratio equal to or less than 3.00.
- b) A debt service coverage ratio equal to or greater than 1.25.
- c) A minimum stockholders' equity equivalent to 90% of stockholders' equity at the close of the last immediately preceding fiscal year.

The long-term debt of both bond issues has the following obligations:

- a) Pay interest on bonds monthly or semi-annually, as applicable to each issue (bond), and using the rate stipulated in the Title.
- b) Use the resources derived from the placement of the Stock Certificates for the authorized purposes.
- c) Compliance with the general provisions applicable to securities issuers and other participants; Among them, the delivery of quarterly financial information and an annual report to the Banking Commission (CNBV, for its acronym in Spanish) and BMV.
- d) Compliance with the general provisions applicable to entities and issuers supervised by the CNBV that hire external audit services.

The Group was in compliance with all financial covenants as of December 31, 2024, 2023 and 2022 and at the end each reported quarter, with the exception of subsection "c" of the syndicated loan's financial obligations during 2022; however, a waiver was obtained from the agent bank before December 31, 2022; therefore, there were no implications for the classification of the syndicated debt. The Management determined that there is no uncertainty regarding compliance with covenants in the next 12 months.

17. Income taxes

The subsidiaries of the Group in México and abroad are individually subject to the payment of income taxes. These taxes are not determined based on the consolidated figures of the Group but are calculated individually at the level of each company declaration and each of these presents its taxes separately.

According to the specific requirements of each country, the statutory rates for the years 2024, 2023 and 2022 years, were 30% for México, 25% for Guatemala, 21% for United States and 29.5% for Perú, and will continue as such in future years.

Income tax recognized in profit or loss for the years of 2024, 2023 and 2022 was comprised of the following:

		2024	Restated(*) 2023	2022
Current tax	Ps.	752,566	645,521	533,522
Deferred tax (benefit) expense		(283,306)	(265,498)	(16,602)
	Ps.	<u>469,260</u>	<u>380,023</u>	<u>516,920</u>

(*) Details of the restatement are shown in note 2b.

Income tax expense recognized at the effective ISR rate differs from income tax expense at the statutory tax rate. Reconciliation of income tax expense recognized from statutory to effective ISR rate is as follows:

		2024	Restated(*) 2023	2022
Profit before income tax	Ps.	1,180,782	1,416,587	1,386,884
Tax rate		30%	30%	30%
Income tax expense calculated at 30% statutory tax rate		354,235	424,976	416,065
Inflation effects, net		59,295	(17,730)	3,536
Non-deductible expenses ⁽¹⁾		56,414	65,978	148,569
Share-based payments		-	1,403	1,780
Other items, net		(684)	(94,604)	(53,030)
	Ps.	<u>469,260</u>	<u>380,023</u>	<u>516,920</u>
		<u>40%</u>	<u>27%</u>	<u>37%</u>

(*) Details of the restatement are shown in note 2b.

(1) Includes (i) certain payroll expenses which are partially deductible, such as grocery vouchers, help for transportation, life and major medical expenses insurance, among others; and (ii) certain cost of sales expenses as samples and obsolescence items.

Realization of deferred tax assets depends on the future generation of taxable income during the period in which the temporary differences will be deductible. Management considers the reversal of deferred tax liabilities and projections of future taxable income to make its assessment on the realization of deferred tax assets. Based on the results obtained in previous years and in future profit and tax projections, management has concluded that it is probable the deferred tax assets will be realized.

Composition of the deferred tax asset (liabilities) is presented below, along with the reconciliation of changes in deferred tax balances as of December 31, 2024, 2023, and 2022:

		As of December 31, 2023	Recognized in profit or loss	As of December 31, 2024
Temporary differences				
Deferred tax assets:				
Expected credit loss	Ps.	100,143	6,940	107,083
Accruals and provisions		301,621	37,305	338,926
Customers' prepayments		88	26	114
Non-deductible interest		120,236	(120,236)	-
Leases		119,965	(16,586)	103,379
Inventories		(17,704)	24,626	6,922
Other assets and prepaid expenses		(14,750)	38,433	23,683
Property, plant and equipment		(243,160)	314,603	71,443
Deferred tax liabilities:				
Non-current assets held for sale		-	(12,000)	(12,000)
Intangible assets		(496,467)	1,920	(494,547)
Derivative financial instruments		(10,357)	7,169	(3,188)
Right-of-use assets		(107,611)	13,404	(94,207)
Suppliers' prepayments		(7,244)	(10,395)	(17,639)
Net deferred tax Assets	Ps.	(255,240)	285,209	29,969
Temporary differences				
		As of December 31, 2022	Recognized in profit or loss	As of December 31, 2023(*) Restated
Deferred tax assets:				
Expected credit loss	Ps.	29,342	70,801	100,143
Accruals and provisions		394,241	(92,620)	301,621
Costumers' prepayments		87	1	88
Non-deductible interest		-	120,236	120,236
Leases		88,467	31,498	119,965
Deferred tax liabilities:				
Intangible assets		(498,387)	1,920	(496,467)
Inventories		(27,744)	10,040	(17,704)
Derivative financial instruments		(3,915)	(6,442)	(10,357)
Property, plant and equipment		(388,721)	145,561	(243,160)
Right-of-use assets		(88,612)	(18,999)	(107,611)
Suppliers' prepayments		5,016	(12,260)	(7,244)
Other assets and prepaid expenses		(24,174)	9,424	(14,750)
Net deferred tax liability	Ps.	(514,400)	259,160	(255,240)

(*) Details of the restatement are shown in note 2b.

Temporary differences	As of January 1, 2022	Liability assumed for subsidiaries' acquisition	Recognized in profit or loss	As of December 31, 2022
Deferred tax assets:				
Expected credit loss	Ps. 32,427	-	(3,085)	29,342
Accruals and provisions	37,958	256,433	99,850	394,241
Prepaid expenses	-	4,752	351	5,103
Property, plant and equipment	5,538	-	(5,538)	-
Leases	5,364	-	83,103	88,467
Deferred tax liabilities:				
Intangible assets	(81,980)	(418,327)	1,920	(498,387)
Inventories	(9,088)	-	(18,656)	(27,744)
Derivative financial instruments	(7,380)	4,936	(1,471)	(3,915)
Property, plant and equipment	-	(350,521)	(38,200)	(388,721)
Right-of-use assets	(5,215)	-	(83,397)	(88,612)
Other assets and prepaid expenses	(16,599)	10,700	(18,275)	(24,174)
Net deferred tax liability	Ps. (38,975)	(492,027)	16,602	(514,400)

Unrecognized deferred tax assets:

Derived from the acquisition of Jafra, the Group did not recognize deferred tax assets in the consolidated statement of financial position with respect to the following tax loss carryforwards of the subsidiaries:

As of December 31, 2024				
Year of originated loss	Life year	Jafra Cosmetics International, S.A. de C.V.	Jafrain, S.A. de C.V.	
2019	2029	Ps. 8,618	-	-
2020	2030	3,723	-	-
2021	2031	-	2,932	-
2022	2032	9,555	6,007	-
2023	2033	-	3,406	-
2024	2034	39,909	2,114	-
		Ps. 61,805	14,459	-

As of December 31, 2023				
Year of originated loss	Life year	Jafra Cosmetics International, S.A. de C.V.	Jafrain, S.A. de C.V.	
2019	2029	Ps. 8,210	-	-
2020	2030	3,547	-	-
2021	2031	-	2,793	-
2022	2032	9,102	5,722	-
		Ps. 20,859	8,515	-

As of December 31, 2022

Year of originated loss	Life year	Jafrá Cosmetics International, S.A. de C.V.		Jafráfin, S.A. de C.V.	
2019	2029	Ps.	27,861		-
2020	2030		3,376		-
2021	2031		-		2,659
		Ps.	31,237		2,659

The Group does not recognize taxes for deferred assets with respect to tax loss carryforwards to be amortized, on which it is not probable that future taxable profits will be generated against which the Group can use tax loss carryforwards.

As of December 31, 2024, 2023 and 2022, the tax balances to be recovered mainly consist of favor balances of ISR pending application.

Temporary differences related to investments in subsidiaries for which deferred income tax liabilities have not been recognized:

The Company has undistributed profits for the years 2024, 2023 and 2022 of Ps. 252,164, Ps.241,977 and Ps.231,203 which generate unrecognized deferred income tax liabilities of Ps.75,649, Ps.72,593 and Ps.69,361, respectively, since the Company is able to control the timing of distributions to its subsidiaries and is not expected to distribute these benefits in the foreseeable future.

18. Provisions and others

	Commissions, promotions and other	Bonuses and other employee benefits	Professional services fees	Other provisions	Total
As of January 1, 2022	Ps. 113,431	4,537	500	-	118,468
Additions for subsidiaries' acquisition	360,280	-	62,990	276,314	699,584
Increases	4,030,497	74,764	48,292	412,645	4,566,198
Payments	(4,012,720)	(52,898)	(54,490)	(469,674)	(4,589,782)
Foreign currency translation	(135)	-	-	(921)	(1,056)
As of December 31, 2022	Ps. 491,353	26,403	57,292	218,364	793,412
Increases	3,880,325	19,025	56,990	615,108	4,571,448
Payments	(3,810,487)	(36,657)	(66,487)	(646,481)	(4,560,112)
As of December 31, 2023	Ps. 561,191	8,771	47,795	186,991	804,748
Increases	3,730,775	78,534	29,112	632,630	4,471,051
Payments	(3,755,329)	(43,430)	(44,488)	(683,634)	(4,526,881)
As of December 31, 2024	Ps. 536,637	43,875	32,419	135,987	748,918

Commissions, promotions and other

Commissions, promotions, and other includes commissions payable to the sales force of distributors, associates, leaders and consultants on the last week of the period, which are paid in the first week of the year or of the following period. In addition, it includes the provision of reward points and loyalty program obtained by distributors, associates, leaders and consultants. See notes 2.t and 2.v.

Bonuses and other employee benefits

Bonuses and other employee benefits include annual performance bonuses as well as vacation provisions, vacation bonuses, savings funds, among others.

Fees for professional services

Fees for professional services includes fees for services such as external audits, legal services, among others.

Other provisions

Provisions that represent estimates of future payment obligations arising from the acquisition of goods or services for operational purposes and other minor provisions.

19. Derivative financial instruments

Exchange rate derivatives:

In order to reduce the risks related to fluctuations in the exchange rate of the US dollar the Group uses derivative financial instruments such as forwards to mitigate foreign currency exposure resulting from payments made in US dollars.

The details of the derivative financial instrument contracts entered into by the Group as of December 31, 2024, 2023 and 2022, are as follows:

As of December 31, 2024

Instrument		Notional amount in thousands	Fair Value	Average Strike Ps./US\$	Maturity date
Forwards US Dollar / Mexican Peso	US\$	57,400	Ps. 108,846	19.21	Weekly, through June 2025
Total Assets			Ps. 108,846		

As of December 31, 2023

Instrument		Notional amount in thousands	Fair Value	Average Strike Ps./US\$	Maturity date
Forwards US Dollar / Mexican Peso	US\$	97,260	Ps. 47,920	17.96	Weekly, through December 2024
Total Liabilities			Ps. 47,920		

As of December 31, 2022

Instrument		Notional amount in thousands		Fair Value	Average Strike Ps./US\$	Maturity date
Forwards US Dollar / Mexican Peso	US\$	41,750	Ps.	15,329	20.31	Weekly, through August 2023
Total Liabilities			Ps.	15,329		

The impacts on profit or (loss) from of the derivative financial instruments for the years of 2024, 2023 and 2022 amounted to a gain / (loss) of Ps.156,766, Ps.(32,591) and Ps.(43,522), respectively, which is included in the consolidated statements of comprehensive income in the line item of “unrealized (loss) gain in valuation of derivative financial instruments.”

20. Retirement benefits – Defined benefit obligations

The Group recognizes the liability and corresponding impacts to profit and loss as well as comprehensive income regarding to the seniority premiums to be paid to its employees. This benefit is determined considering the years of service and the compensation from the employees.

The components of the defined benefit liability for the years of 2024, 2023 and 2022, are as follows:

a) *Movement in defined benefit liability and post-employment*

The following table shows a reconciliation from the opening balances to the closing balances for the defined benefit liability and its components:

	Defined benefits			Post-employment benefits		
	Seniority premium and termination indemnity at retirement (Betterware-Jafra)			Pension plan (Jafra)		
	2024	2023	2022	2024	2023	2022
Balance at January 1	Ps. 44,459	30,148	2,093	82,691	123,759	-
Additions for subsidiaries' acquisition	-	-	23,637	-	-	125,606
<i>Included in profit or loss:</i>						
Past service cost	-	(1,010)	-	-	(29,615)	-
Current service cost	4,996	4,246	2,924	4,345	5,605	4,553
Interest cost	3,988	3,426	2,095	7,408	10,487	7,367
Net (gain) cost of the period	8,984	6,662	5,019	11,753	(13,523)	11,920
<i>Included in other comprehensive income:</i>						
Remeasurement of defined benefit obligation	5,663	11,730	(1,818)	(15,888)	10,630	(13,767)
<i>Others:</i>						
Benefits paid	(5,482)	(3,123)	(1,223)	(3,868)	(38,175)	-
Others	-	(958)	2,440	-	-	-
Balance as of December 31	Ps. 53,624	44,459	30,148	74,688	82,691	123,759

The conditions of the pension plan (Jafra) are described below:

As of September 30, 2023, Jafra modified the conditions of its pension plan, which generated a past service benefit effect of Ps.(29,615) in Jafra's pension plan as described below:

Conditions before October 2023:

- a) *Normal retirement:* Retirement of the employee upon reaching age 65 with at least 20 years of service for the Company.
- b) *Early retirement:* Early retirement of the employee as long as he or she has turned 60 and has at least 10 years of service within the Company.

Conditions after October 2023:

Employee groups:

- Group 1: Jafra employees who, as of September 30, 2023, are 60 years of age or older and have 10 years of continuous service and employees who join Jafra on a date after September 30, 2023.
 - Group 2 (transition): Jafra employees who, as of September 30, 2023, are 60 years of age or older and have 10 years of continuous service.
- a) *Normal retirement:*
 - Group 1: Retirement upon reaching age 65 with at least 20 years of service for the Company.
 - Group 2: Retirement upon turning 65 with at least 10 years of service within the Company.
 - b) *Early retirement:*
 - Group 1: The employee will not have the possibility of exercising early retirement, therefore, to be entitled to any benefit from this plan, he or she must turn 65 years old with at least 20 years of service for the Company.
 - Group 2: The employee who does not reach the normal retirement date may retire with early retirement as long as he or she has turned 60 years old with at least 10 years of service within the Company.

b) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2024		2023		2022	
	BWM	JAFRA	BWM	JAFRA	BWM	JAFRA
Financial:						
Future salary growth	7.0%	5.5%	7.0%	5.5%	6.5%	5.5%
Discount rate	9.7%	11.0%	9.7%	9.3%	9.2%	9.5%
Demographic:						
Number of employees	934	1,400	938	1,356	901	1,276
Average age	35 años	38 años	35 years	38 years	34 years	38 years
Average longevity	4 años	7 años	3 years	7 years	3 years	7 years

c) *Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation considering a change of $\pm 0.50\%$ in the discount rate.

Effects as of December 31:						
2024		2023		2022		
BWM	JAFRA	BWM	JAFRA	BWM	JAFRA	
Increase / decrease in the discount rate						
+0.50%	Ps. 1,206	28	500	94	361	146
-0.50%	(717)	(30)	(500)	(98)	(174)	(151)

21. Financial instruments

Below is the categorization of the financial instruments, excluding cash and cash equivalents, held by the Group as of December 31, 2024, 2023 and 2022, as well as the indication of fair value hierarchy level, when applicable:

Accounting classification and fair values

As of December 31, 2024	Note	Amortized cost	Fair value through profit or loss	Fair value hierarchy level
Financial assets -				
Trade account receivables, net	6	Ps. 1,133,093	-	
Accounts receivable from related parties	24	250	-	
Derivative financial instruments	19	-	108,846	2
Total		1,133,343	108,846	
Financial liabilities -				
Accounts payable to suppliers		2,156,715	-	
Accounts payable to related parties	24	1,237	-	
Lease liability	14	344,595	-	
Long term debt and borrowings	16	4,824,943	-	
Total		Ps. 7,327,490	-	

As of December 31, 2023 (*) Restated	Note	Amortized cost	Fair value through profit or loss	Fair value hierarchy level
Financial assets -				
Trade account receivables, net	6	Ps. 1,072,455	-	
Accounts receivable from related parties	24	104	-	
Total		<u>1,072,559</u>	<u>-</u>	
Financial liabilities -				
Accounts payable to suppliers		1,790,026	-	
Lease liability	14	388,721	-	
Long term debt and borrowings	16	5,131,422	-	
Derivative financial instruments	19	-	47,920	2
Total		<u>Ps. 7,310,169</u>	<u>47,920</u>	

(*) Details of the restatement are shown in note 2b.

As of December 31, 2022	Note	Amortized cost	Fair value through profit or loss	Fair value hierarchy level
Financial assets -				
Trade account receivables, net	6	Ps. 971,063	-	
Accounts receivable from related parties	24	61	-	
Total		<u>971,124</u>	<u>-</u>	
Financial liabilities -				
Accounts payable to suppliers		1,371,778	-	
Accounts payable to related parties	24	96,859	-	
Lease liability	14	291,908	-	
Long term debt and borrowings	16	6,148,675	-	
Derivative financial instruments	19	-	15,329	2
Total		<u>Ps. 7,909,220</u>	<u>15,329</u>	

Measurements of fair values

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As previously disclosed, some of the Group's derivative financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these derivative financial instruments are determined (in particular, the valuation technique(s) and inputs used).

Derivative financial instruments	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Foreign currency forward contracts (see note 19)	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

There were no transfers between levels during the current or prior year.

Financial risk management

The Group's Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk, and price risk), credit risk, liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in exchange rates and interest rates (see below). The Group uses derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- In order to reduce the risks related to fluctuations in the exchange rate of foreign currency, the Group uses derivative financial instruments such as forwards to adjust exposures resulting from foreign exchange currency.
- The Group's practices vary from time to time depending on judgments about the level of risk, expectations of change in the movements of interest rates derived from the credit lines and bond issuance used.

See note 19 for disclosure of the derivative financial instruments entered into for the years of 2024, 2023 and 2022.

Exchange risk management

The Group undertakes transactions denominated in foreign currencies, mainly U.S. dollars; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of financial assets and liabilities denominated in foreign currencies (U.S. dollars “US\$”, EU euro “€” and India rupee “Rp”) as of the reporting date are as follows:

	2024		2023		2022		
	US\$	€\$	US\$	€\$	US\$	€\$	Rp\$
Assets	14,907	52	13,324	2	13,006	105	60,340
Liabilities	(41,658)	(129)	(35,186)	(43)	(23,142)	(78)	-
Net position	(26,751)	(77)	(21,862)	(41)	(10,136)	27	60,340
Closing exchange rate of the year	20.2683	21.5241	16.8935	18.6896	19.3615	20.7693	0.0013

Exchange rate sensitivity analysis

The Group is mainly exposed to variations in the Mexican Peso / the U.S. Dollar exchange rate. For sensitivity analysis purposes, the Group has determined a 10 percent increase and decrease in Ps. currency units against the U.S. dollar (“relevant currency”). The 10 percent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated financial assets/liabilities and adjusts their translation at the year-end for a 10 percent change in foreign currency rates. A positive number below indicates an increase in profit where currency units strengthen 10 percent against the relevant currency. For a 10 percent weakening of currency units against the relevant currency, there would be a comparable impact on the net income, and the balances below would be negative.

	2024	2023	2022
Net income	Ps. 54,385	37,009	19,490

Foreign exchange forward contracts

It is the policy of the Group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated purchase transactions up to 12 months.

See note 19 with details on foreign currency forward contracts outstanding at the end of the reporting period. Foreign currency forward contract assets and liabilities are presented in the line ‘Derivative financial instruments’ within the consolidated statement of financial position.

The Group has entered into contracts to purchase raw materials from suppliers in China, with such purchases denominated in U.S. dollars. The Group has entered into foreign exchange forward contracts to hedge the exchange rate risk arising of future payments in US dollars.

Interest rate risk management

The Group is exposed to interest rate risk from the borrowings at a variable interest rate (67% of long-term debt uses variable rate and 33% fixed rate). The risk is managed by the Group by maintaining an appropriate balance between fixed and variable rate borrowings.

The Group’s exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis presented in 2024 and 2023 was determined based on exposure to the interest rates used. For variable rate liabilities, the analyzes were prepared assuming that the amount of the liability outstanding at the reporting date was outstanding during the review period. A one percent increase or decrease was used to internally report interest rate risk to Management and in turn represent the assessment of the reasonably possible change in interest rates.

The total amount paid for interest at a variable rate as of December 31, 2024 and 2023, was Ps.458,848, Ps.592,051, respectively; If the interest rates had been 1% higher, the payment would have amounted to Ps.496,276 and Ps.637,049 and 1% lower, the payment would have amounted to Ps. 421,419 and Ps.547,054, respectively, that is, all other variables would have remained constant, the Group's net income could decrease/increase Ps.37,429 and Ps.44,998, respectively.

Credit risk management

The Group's exposure to credit risk concentration is not significant as no customer represents more than 10% of sales and receivables. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated, spread across diverse geographical areas. Credit policy has been implemented for each customer establishing purchase limits. Customers who do not satisfy the credit references set out by the Group, can only carry out transactions with the Group through prepayment.

See note 6 for further details on trade account receivables and the expected credit loss estimate.

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss/gain to the Group. As of December 31, 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, arises from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

For trade receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime instruments. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, determined by the last 3 years plus the current period adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. The note 6, includes further details on the loss allowance for these assets.

Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and reserve borrowing facilities, by continuously monitoring the forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out below.

The financing agreements with suppliers that are mentioned in notes 2.v and 15, are made to seek efficiency in the payment to suppliers, and the Company has concentrated Ps.846,925 Ps.957,576 and Ps.668,015, for the years 2024, 2023 and 2022, respectively, of their accounts payable to suppliers with 5 local banks (Banamex, BBVA, HSBC, Santander y Sabadell) rather than with a diverse group of suppliers, allowing for better payment planning. The Management has assessed that the Company does not rely on extended payment terms and suppliers generally have not become accustomed to or do not rely on advance payment under the financing agreement. If the financial institutions were to withdraw the agreement, such withdrawal would not affect the Company's ability to settle liabilities when due.

Liquidity maturity analysis

The Group manages its liquidity risk by maintaining adequate reserves of cash and bank credit lines available and consistently monitoring its projected and actual cash flows. The maturity analysis of lease liabilities is presented in note 14 and long-term debt maturities effective in 2024, 2023 and 2022 are presented in note 16.

The Group has access to financing facilities as described below. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Bank credit lines and long-term debt	2024	2023	2022
Amount used	Ps. 4,771,474	5,063,974	6,198,695
Amount not used	1,180,000	1,980,000	1,380,000
Total credit lines and long-term debt	Ps. 5,951,474	7,043,974	7,578,695

Capital management

The Group manages its capital to ensure it will be able to continue as a going concern, while it maximizes returns for its shareholders through the optimization of its capital structure. The Group's management reviews the capital structure when presenting its financial projections to the Board of Directors and stockholders as part of the annual business plan. When performing its review, the Board of Directors considers the cost of equity and its associated risks.

The capital structure of the Group consists of net debt (debt and borrowings disclosed in note 16 after deducting cash and bank balances) and stockholders' equity of the Group.

22. Stockholders' equity

Stockholders' equity as of December 31, 2024, 2023 and 2022 by number of shares, is as follows:

	Betterware de México, S.A.P.I. de C.V.		
	As of December 31, 2024	As of December 31, 2023	As of December 31, 2022
Fixed capital	10,000	10,000	10,000
Variable capital	37,306,546	37,306,546	37,306,546
	37,316,546	37,316,546	37,316,546

Capital movements for the years 2024, 2023 and 2022:

The capital stock is represented by fully subscribed and paid common shares with no par value. The fixed minimum capital, without withdrawal rights, is Ps.50 and is represented by 10,000 shares. The variable capital stock is unlimited.

In 2022, during the months of February to March, the Group repurchased 72,626 shares equivalent to Ps.25,321 according to the program approved on September 10, 2021, by the Board of Directors, where up to US\$50,000 may be repurchased, until December 31, 2022.

As of December 31, 2024, and 2023 the Group had 72,626 treasury shares, and as of December 31, 2022 it had 356,029 treasury shares, on which no dividend is paid.

Dividends

2024

On March 6, 2024, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.250,000, which were paid in cash on March 14, 2024. Part of this amount (Ps.131,295) was paid to Campalier based on its shareholding. The dividend per share was Ps.6.70.

On May 13, 2024, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.250,000, which were paid in cash on May 23, 2024. Part of this amount (Ps.131,295) was paid to Campalier based on its shareholding. The dividend per share was Ps.6.70.

On July 19, 2024, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.250,000, which were paid in cash on August 9, 2024. Part of this amount (Ps.131,295) was paid to Campalier based on its shareholding. The dividend per share was Ps.6.70.

On October 28, 2024, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.250,000, which were paid in cash on November 15, 2024. Part of this amount (Ps.131,295) was paid to Campalier based on its shareholding. The dividend per share was Ps.6.70.

2023

On March 8, 2023, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.100,000, which were paid in cash on March 21, 2023. Part of this amount (Ps.52,518) was paid to Campalier based on its shareholding. The dividend per share was Ps.2.67.

On May 15, 2023, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.150,000, which were paid in cash on May 26, 2023. Part of this amount (Ps.78,777) was paid to Campalier based on its shareholding. The dividend per share was Ps.4.02.

On August 9, 2023, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.200,000, which were paid in cash on August 24, 2023. Part of this amount (Ps.105,036) was paid to Campalier based on its shareholding. The dividend per share was Ps.5.36.

On November 9, 2023, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.200,000, which were paid in cash on November 24, 2023. Part of this amount (Ps.105,036) was paid to Campalier based on its shareholding. The dividend per share was Ps.5.36.

2022

On February 11, 2022, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.350,000, which were paid in cash on March 3, 2022. Part of this amount (Ps.183,812) was paid to Campalier based on its shareholding. The dividend per share was Ps.9.38.

On April 29, 2022, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.350,000, which were paid in cash on June 23, 2022. Part of this amount (Ps.183,812) was paid to Campalier based on its shareholding. The dividend per share was Ps.9.38.

On August 19, 2022, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.200,000, which were paid in cash on September 8, 2022. Part of this amount (Ps.105,035) was paid to Campalier based on its shareholding. The dividend per share was Ps.5.36.

On October 28, 2022, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.50,000, which were paid in cash on December 28, 2022. Part of this amount (Ps.26,259) was paid to Campalier based on its shareholding. The dividend per share was Ps.1.34.

Legal reserve

Retained earnings include the statutory legal reserve. The Mexican 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 common stock at par value (historical pesos). The legal reserve may be capitalized but may not be distributed unless the Group 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 pesos, was Ps.10,679 and is included in retained earnings.

23. Earnings per share

The following event affected the outstanding common shares in 2022:

2022

- In 2022, during the months of February to March, the Group repurchased 72,626 shares at US\$17.03 each share or the equivalent of a total of Ps.25,321, according to the program approved on September 10, 2021, by the Board of Directors, where it was stipulated to repurchase them for up to US\$50,000, until December 31, 2022.

Additionally, IFRS requires that the calculation of basic and diluted earnings per share ("EPS") for all years presented be adjusted retrospectively when the number of ordinary shares or potential ordinary shares outstanding increases as a result of a capitalization, bond issue, or share split, or decreases as a result of a reverse share split, EPS calculations for the reporting period and the comparative period should be based on the new number of shares.

As of December 31, 2024, 2023 and 2022, Betterware had 37,316,546 outstanding shares.

The following table shows the income and share data used in the calculation of basic and diluted earnings per share for the periods of 2024, 2023 and 2022:

	2024	Restated 2023(*)	2022
Net income (in thousands of pesos)			
Attributable to Owners of the Group	Ps. 711,728	1,039,287	872,557
Shares (in thousands of shares)			
Weighted average of outstanding shares			
Basic	37,244	37,244	37,256
Diluted	-	37,265	37,277
Basic and diluted earnings per share:			
Basic earnings per share (pesos per share)	Ps. 19.11	27.90	23.42
Diluted earnings per share (pesos per share)	Ps. -	27.89	23.41

(*) Details of the restatement are shown in note 2b.

24. Related party balances and transactions

The following balances were outstanding as of December 31, 2024, 2023 and 2022, respectively, which are at market value:

Trade account receivables from related parties	2024	2023	2022
Campalier, S.A. de C.V. (shareholder)	Ps. 250	104	-
Fundación Betterware., A.C. (affiliated)	-	-	61
	250	104	61

Trade account payables to related parties	2024	2023	2022
Campalier, S.A. de C.V. (shareholder)	Ps. 1,237	-	96,859

On June 23, 2022, our subsidiary Programa Lazos, as borrower, entered into a loan agreement for an amount of Ps.150,000 with Campalier, as lender. As of December 31, 2022, Lazos had withdrawn Ps.120,000 under such loan. Principal amount bore a monthly variable interest rate of TIIE plus 349 basis points, and it did not contain a specific maturity date. On August 31, 2023, Programa Lazos replaced the total amount of the loan that had with Campalier by Ps.122,500 million by a loan with Betterware de Mexico as a lender, bearing a monthly interest rate of TIIE plus 349 basis points.

In October 2023, Betterware de México, S.A.P.I. de C.V. and Campalier, S.A. de C.V., signed a services agreement in which Betterware undertakes to provide Campalier with specialized services agreed to comparable market conditions, such as: consulting, accounting and financial advice, with monthly payments. The total amount paid during 2024 and 2023 was Ps.2,454 and Ps.222, respectively.

Trading transactions –

Revenues / expenses to Betterware with:	2024		2023		2022	
	Lease income	Donation expenses	Lease income	Donation expenses	Lease income	Donation expenses
Fundación Betterware., A.C.	Ps. 63	1,087	63	5,430	63	3,350

Revenues to Betterware / Expenses to Lazos with:	2024		2023		2022	
	Services revenue	Interest expenses	Services revenue	Interest expenses	Interest expenses	
Campalier, S.A. de C.V.	Ps. 2,454	3,045	222	5,064	7,479	

Remuneration of key management personnel –

Key management personnel compensation comprised short-term employee benefits of Ps.67,297, Ps.62,574, and Ps.47,265, for the years 2024, 2023 and 2022, respectively. At the end of each period, there are no outstanding balances.

25. Revenue and operating expenses

Revenue –

Revenue recognized in the 2024, 2023 and 2022 was generated mainly in Mexico and the United States.

The Group's revenue by product category is shown below:

		<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenue by home organization products:				
Kitchen and food preservation	Ps.	2,043,780	2,027,320	2,163,684
Home solutions		1,360,119	1,081,778	1,272,272
Tech & mobility		719,320	521,348	553,977
Laundry & Cleaning		714,678	666,220	691,272
Bedroom		413,565	620,282	854,323
Bathroom		401,284	418,190	749,161
Wellness		284,212	351,768	-
Others		54,876	39,702	58,655
Total revenue by home organization products		<u>5,991,834</u>	<u>5,726,608</u>	<u>6,343,344</u>
Revenue by beauty and personal care products:				
Fragrance		5,547,588	5,139,914	3,472,919
Color (cosmetics)		1,119,351	909,238	642,876
Skin care		907,234	785,450	611,905
Toiletries		534,751	448,297	321,806
Others		-	-	114,699
Total revenue of beauty and personal care products		<u>8,108,924</u>	<u>7,282,899</u>	<u>5,164,205</u>
Total revenue of the Group	Ps.	<u>14,100,758</u>	<u>13,009,507</u>	<u>11,507,549</u>

As of December 31, 2024, 2023 and 2022, the Group did not identify significant costs to obtain/fulfill a contract that are required to be capitalized as an asset. Consequently, the Group did not perform any analysis in order to identify possible impairment losses. See note 6 about the expected credit loss model applicable to all financial assets measured at amortized cost.

Operating expenses –

Operating expenses by nature, for the years of 2024, 2023 and 2022 are as follows:

		2024	Restated 2023(*)	Restated 2022(*)
Promotions for the sales force	Ps.	2,600,158	2,343,532	1,743,961
Cost of personnel services and other employee benefits		1,557,051	1,389,792	1,290,668
Distribution costs		663,812	582,237	467,350
Sales catalog		422,713	399,503	445,753
Depreciation and amortization		351,704	351,877	257,138
Commissions and professional fees		364,791	313,867	213,464
Events, marketing and advertising		378,736	298,905	199,771
Impairment loss on trade accounts receivables		346,124	304,501	269,595
Impairment of assets held for sale		166,581	-	-
Packing materials		146,540	145,076	161,095
Travel expenses		53,833	48,008	31,552
Rent expense		34,111	15,295	30,987
Market research		31,963	21,087	12,031
Bank fees		21,951	19,541	25,853
Other		224,537	176,663	324,492
	Ps.	7,364,605	6,409,884	5,473,710

(*) Details of the restatement are shown in note 2b.

26. Segment information

The information by operating segments is presented consistently with the information included in the internal reports provided to the highest authority in making operating decisions (Chief Operating Decision Maker or “CODM”).

The Board of Directors is who evaluates the financial performance, the situation of the Group and makes strategic decisions. It has been identified as the highest authority in operating decision-making, and it is integrated by seven independent members, two members and the Executive Board Chairman.

As discussed in note 1, the Group has identified the reportable business segments as follows:

- Home organization segment (Betterware segment or BWM segment): formed by seven different categories through which Betterware offers its product line include kitchen and food preservation, home solutions, bathroom, laundry & cleaning, tech and mobility, bedroom and wellness. BWM’s products are sold through catalogues and are distributed to the end customer by its network of distributors and associates in Mexico. As of December 31, 2024, the net income corresponding to this reportable segment represented 42.5%.
- Beauty and Personal Care (B&PC) segment (Jafra segment), formed by four main categories: fragrance, color (cosmetics), skin care and toiletries. Jafra’s products are sold through 12 promotional catalogues published on a monthly basis and are distributed to the end customer by its network of leaders and consultants in its operative segments located in Mexico (Jafra Mexico) and the United States (Jafra US). As of December 31, 2024, the net income corresponding to this reportable segment represented 57.5%.

EBITDA is reconciled to income before income taxes as follows:

	2024	2023	2022
(+) Net revenue BWM	5,991,834	5,726,608	6,343,344
(+) Net revenue JAFRA	8,108,924	7,282,899	5,164,205
(=) Total Net revenue	Ps. 14,100,758	13,009,507	11,507,549
(+) EBITDA BWM	1,296,538	1,434,501	1,514,227
(+) EBITDA JAFRA	781,856	1,286,399	801,881
(=) EBITDA^(*)	2,078,394	2,720,900	2,316,108
Depreciation and amortization	(392,186)	(382,119)	(287,702)
Interest expense	(639,705)	(827,812)	(543,321)
Interest income	22,818	45,056	28,689
Unrealized (loss) gain in valuation of DFI	156,766	(32,591)	(43,522)
Foreign exchange loss, net	(45,305)	(106,847)	(83,368)
Income before income taxes	Ps. 1,180,782	1,416,587	1,386,884

(*) EBITDA is composed of net income, (+) depreciation and amortization, (+) net financing costs, (+) income taxes. The CODM reviews segment profitability on an EBITDA and Adjusted EBITDA basis. EBITDA is the Company's single measure of segment profitability. In 2024, the adjusted EBITDA is made up of adding unusual items: (+) the impairment of assets held for sale, (+) other expenses by selling of properties. which is shown in the Company's annual report.

The segment information of the Group is detailed in the following table:

As of December 31, Segments	2024			
	BWM	JAFRA	Eliminations*	Total
Other expenses by selling of properties	Ps. -	529,722	-	529,722
Impairment of assets held for sale	Ps. -	166,581	-	166,581
Interest expense	Ps. (903,431)	(34,088)	297,814	(639,705)
Interest income	Ps. 10,956	309,676	(297,814)	22,818
Unrealized gain in valuation of DFI	Ps. 156,766	-	-	156,766
Foreign exchange loss, net	Ps. (40,792)	(4,513)	-	(45,305)
Net revenue	Ps. 5,991,834	8,108,924	-	14,100,758
Cost of sales	Ps. 2,569,082	1,951,141	-	4,520,223
Depreciation and amortization	Ps. 137,496	254,690	-	392,186
Income taxes	Ps. 236,306	232,954	-	469,260
Total assets	Ps. 10,557,935	8,115,089	(8,219,257)	10,453,767
Total liabilities	Ps. (9,970,378)	(2,404,101)	3,083,360	(9,291,119)

(*) The column of eliminations corresponds to the transactions between the Group's subsidiaries for the concepts of loans, interest income (expenses), expenses for corporate services, sales of fixed assets, initial investment in subsidiary, among the most important.

As of December 31,

Segments	2023			
	BWM	JAFRA	Eliminations*	Total
Interest expense	Ps. (941,781)	(33,581)	147,550	(827,812)
Interest income	Ps. 10,033	182,573	(147,550)	45,056
Unrealized loss in valuation of DFI	Ps. (32,591)	-	-	(32,591)
Foreign exchange (loss) gain, net	Ps. (110,103)	3,256	-	(106,847)
Net revenue	Ps. 5,726,608	7,282,899	-	13,009,507
Cost of sales	Ps. 2,443,229	1,817,613	-	4,260,842
Depreciation and amortization	Ps. 128,450	253,669	-	382,119
Income taxes	Ps. 140,762	239,261	--	380,023
Total assets	Ps. 10,194,967	9,350,652	(8,451,908)	11,093,711
Total liabilities	Ps. (8,724,053)	(2,920,084)	2,013,265	(9,630,872)

(*) The column of eliminations corresponds to the transactions between the Group's subsidiaries for the concepts of loans, interest income (expenses), expenses for corporate services, sales of fixed assets, initial investment in subsidiary, among the most important.

As of December 31,

Segments	2022			
	BWM	JAFRA	Eliminations*	Total
Interest expense	Ps. (546,977)	(11,039)	14,695	(543,321)
Interest income	Ps. 10,607	32,777	(14,695)	28,689
Unrealized loss in valuation of DFI	Ps. (43,522)	-	-	(43,522)
Foreign exchange loss, net	Ps. (81,212)	(2,156)	-	(83,368)
Net revenue	Ps. 6,343,344	5,164,205	-	11,507,549
Cost of sales	Ps. 2,576,179	1,407,392	-	3,983,571
Depreciation and amortization	Ps. 109,055	178,647	-	287,702
Income taxes	Ps. 367,166	149,754	-	516,920
Total assets	Ps. 8,958,162	8,154,942	(5,780,371)	11,332,733
Total liabilities	Ps. (8,363,605)	(2,592,037)	720,189	(10,235,453)

(*) The column of eliminations corresponds to the transactions between the Group's subsidiaries for the concepts of loans, interest income (expenses), expenses for corporate services, sales of fixed assets, initial investment in subsidiary, among the most important.

The income recognized during the years 2024, 2023 and 2022, national and foreign, is shown below:

	2024	2023	2022
Revenue in Mexico	Ps. 13,166,582	12,072,852	10,531,505
Revenue in United States ⁽¹⁾	924,976	927,947	966,085
Revenue in Guatemala	9,200	8,708	9,959
Total revenue of the Group	Ps. 14,100,758	13,009,507	11,507,549

(1) The main concentration of Jafra's income is in Mexico, however, there is an entity in the United States which represents a smaller percentage less than 8% of the Group's total income.

The Group considers that there are no concentration risks given the nature of the business and the sale of its products through a significant number of distributors, leaders and consultants.

The percentage of consolidated non-current assets by geographic area at the end of 2024, 2023 and 2022, are shown below:

		2024		2023		2022	
		México	USA	México	USA	México	USA
Property, plant and equipment	Ps.	99.4%	0.6%	99.6%	0.4%	99.1%	0.9%
Right-of-use assets		83.6%	16.4%	84.1%	15.9%	70.0%	30.0%
Deferred income tax		100.0%	-	100.0%	-	100.0%	-
Intangible assets (including Goodwill)		100.0%	-	100.0%	-	100.0%	-
Account receivable from sale of properties		100%	-	-	-	-	-
Other assets		88.6%	11.4%	97.7%	2.3%	97.4%	2.6%
Total non-current assets ⁽⁵⁾	Ps.	98.9%	1.1%	99.0%	1.0%	98.4%	1.6%

(2) Betterware of Guatemala and Betterware Peru (the geographical area of Guatemala and Peru), represents 0.0% of the Group's non-current assets, for the years 2024, 2023 and 2022.

27. Contingencies

The Group is a subject to various legal actions in the normal course of its business. The Group is not involved in or threatened by proceedings for which the Group believes it is not adequately insured or indemnified or which, if determined adversely, would have a material adverse effect on its consolidated financial position, results of operations and cash flows.

In addition, taxes payable could arise in transactions with related parties if the tax authority, during a review, believes that prices and amounts used by the Group are not similar to those used with or between independent parties in comparable transactions.

In accordance with the current tax legislation, the authorities have the power to review up to five fiscal years prior to the last income tax return filed.

On August 12, 2014, the International Inspection Administration "4" ("AFI", for its acronym in Spanish), under the Central Administration of International Control, in relation to the General Administration of Large Taxpayers of the Tax Administration Service ("SAT" for its acronym in Spanish), requested information regarding the Group's 2010 income tax filing, which was provided at that time. On February 20, 2017, the final agreement was signed with the Taxpayer Advocacy Office ("PRODECON", for its acronym in Spanish) regarding the SAT's review. On March 2, 2017, the SAT notified the Group about certain issues on which an agreement was not reached. As a result, the Group filed a lawsuit for annulment before the SAT's resolution. On January 31, 2023, the Group discontinued the lawsuit for annulment and ratified it on February 8, 2023. The tax credit was finally paid on April 26, 2023, in the amount of Ps.9,056 (historical) plus updates and surcharges.

28. Subsequent events

In the preparation of the consolidated financial statements, the Group has evaluated the events and transactions for their recognition or disclosure subsequent to December 31, 2024, and until April 29, 2025 (date of issuance of the consolidated financial statements), and has not identified subsequent significant events.

At the end of fiscal year 2024, the Management committed to a plan to sell the O'Farril de Jafra México land (now an asset identified as available for sale) following a strategic review aligned with the Company's efforts to optimize its asset base. A promise of sale was signed on February 27, 2025, which includes a six-month extension for the potential buyer to notify the company of their intention to continue with the sale or not proceed with it. The transaction was valued at Ps.40,000, which will be paid in two installments: the first payment of Ps.6,000 upon signing the promise of sale agreement, and Ps.34,000 upon execution of the public deed.

On March 7, 2025, the General Shareholders' Meeting approved a payment of dividends from retained earnings in the amount of Ps.250,000, which were paid in cash on March 25, 2025. Part of this amount (Ps.131,295) was paid to Campalier based on its shareholding. The dividend per share was Ps.6.70.

The United States government and the Trump administration have imposed, and may impose, tariffs on imports from Canada, Mexico, and China, as well as other countries. On April 4, 2025, the United States government announced a new global reciprocal tariff and tariff program, which establishes a minimum tariff of 10% on all goods imported into the United States. These tariffs are set by country and range from 10% for products imported from certain countries to 50% (with the potential to escalate to 145%) for products from China, with certain tariff exceptions currently applied to countries such as Mexico and Canada. As of the date of issuance of these consolidated financial statements, a 90-day tariff pause has been announced, which would be reduced to 10% for all trading partners except China. However, uncertainty remains regarding the timing and potential implementation of the tariffs on Mexico. The potential impact on the Company's results and financial condition resulting from the imposition of these tariffs cannot be determined with certainty. The Company's management continues to monitor the impacts of the tariffs on its operations.

29. Authorization to issue the consolidated financial statements

The Group's consolidated financial statements were authorized and proposed for issuance to the Board of Directors on April 29, 2025, by Andrés Campos, Chief Executive Officer, and Rodrigo Muñoz, Corporate Finance Director of Betterware de México, S.A.P.I de C.V.

* * * * *

CODE OF ETHICS

Objective: Provide the foundation for behaviors and values in the Group's culture by establishing clear criteria and guidelines based on professional ethics.

Scope: All board members, directors, employees, and any person acting on behalf of the Betterware de México and its subsidiaries ("BeFra Group"). This also extends to suppliers and any third party who has a business relationship with the BeFra Group.

Definitions:

BeFra Group: For the purposes of this Policy, Betterware de México and Subsidiaries ("BeFra")

Corporate Philosophy

The success of BeFra's group operations is based on the commitment of shareholders, directors, and employees to the corporate philosophy that has allowed it to be recognized as a company with high standards of business ethics.

Our Mission. Create opportunities

Our Principles of Behavior and Values. Respect, Honesty, Commitment and Attitude are reflected in the Culture Model shown below:

Social Relationship with Environment

The BeFra Group is convinced of its contribution to society through its business model, generating economic benefits and social development for all our employees and other related parties who have a relationship with us, promoting activities and alliances with the community that contribute to mutual development.

Decalogue of the Code of ethics Compliance with Laws

At Grupo BeFra, we fully comply with the applicable laws and regulations to which we are subject. Any negligent or fraudulent act that results in non-compliance will result in the application of the corresponding legal measures.

Zero Tolerance

The BeFra Group does not accept any act of discrimination or manifestation of any type of harassment, bullying, or workplace violence against employees at any organizational level or externally.

Conflict of Interest

The BeFra Group recognizes and respects that its members may participate in activities of any kind outside of their normal duties; however, they must always ensure that there is no conflict of interest or that the Company's reputation is not discredited.

Listed below are some restricted activities:

- Engage in any business or activity that, directly or indirectly, competes or interferes with our business.
 - Taking advantage of their position or position in the company to obtain personal benefits, including those of immediate family members or third parties.
 - Receive income and/or benefits from suppliers, competitors and sales force.
 - Members of the Company are not permitted to be suppliers of the company or any of its subsidiaries at the same time.
 - You may not participate in or influence (directly or indirectly) the requirements, negotiations, and decision-making processes of suppliers with whom you have a family relationship or other interest that could provide personal benefits.
-

- BeFra Group employees may not sell Company products for their own benefit. This activity is limited to the sales force.
- Members of the Board of Directors may not provide any additional services or receive any remuneration other than that for their management as a director.
- Do not use the knowledge or tools of the BeFra Group to start another business.
- Any person speaking and/or acting on behalf of the BeFra Group must have the written consent of the Chairman of the Board to do so. This includes
- Participation in forums, conferences, exhibitions, interviews or any other event where the BeFra Group speaks and/or acts on behalf of the company.
- Relationships involving a direct relationship at work or a subordinate are prohibited. In this case, the Securities Committee must be informed so that it can take the measures it deems most appropriate.

Acceptance of Gifts

- Gift acceptance annex AN-TH-08 will be respected at all times.
- No employee or family member should accept payments, loans, commissions in cash or in kind, such as services, entertainment, or travel, from any individual and/or legal entity or any type of government authority.

Business practices free from corruption and bribery

- At BeFra Group, we reject any act of corruption, bribery, collusion, influence peddling, or any other illicit activity in the course of performing duties intended to obtain a commercial advantage. Any act of bribery and/or extortion must be reported through the Reporting Line or to any member of the Securities Committee.

Anti-Money Laundering Practices

- The BeFra Group is committed to complying with anti-money laundering laws and regulations, and therefore avoids involvement in arrangements or transactions that may involve or are related to assets of illicit origin.

Fraud

- We are committed to not engaging in any action that could constitute fraud within or outside the Company.

Selection and relationship with Suppliers

- Supplier selection must be impartial, considering price, quality, and proven experience, as well as the reliability of the products or services they offer and ensuring the ability to make timely deliveries when required.
- The selection of suppliers, as well as the corresponding acquisitions, must be carried out in accordance with current and approved policies.
- Suppliers are expected to comply with Mexican laws as well as those of their country of origin, and if they are foreign, they must have a solid reputation for fairness and integrity in their dealings.

Resource Care and Environmental Protection

- We are committed to consuming reasonably and responsibly, avoiding waste of fuel, water, electricity, and paper at all times, as well as protecting and preventing environmental pollution.

Financial information

- Users of our financial information are assured that it is adequately presented, reliable, and in compliance with International Financial Reporting Standards.

Confidential and privileged information

- All information owned by BeFra Group is considered confidential, and all our collaborators must preserve and protect this information in accordance with the confidentiality agreement.
- Any collaborator who has privileged information may not buy or sell BeFra Group shares outside of the permitted trading windows.
- For further information regarding the handling of confidential and privileged information, please consult the Insider Information Use Policy PO-CPLG-03 and the Confidential Information Protection and Safekeeping Policy PO-CPLG-06.

Internal Control

- All BeFra Group employees must comply with the policies and procedures applicable to them, as well as ensure that they truthfully transmit any official information requested by their superiors or by external auditors with whom we are working.

Disciplinary Measures

- Any failure to comply with our Code of Values or Internal Regulations may result in disciplinary measures, including a warning, a report to the file, an administrative act, suspension of work, or termination of employment without liability on the part of the company.

Reporting line General Guidelines. Responsibility.

- has the responsibility to report inappropriate behavior or conduct that harms the BeFra Group or any person in the interest groups.

Means for reporting inappropriate behavior.

- BeFra Group relies on the professional services of an external consulting company to provide collaborators and stakeholders with a Reporting Line, which provides a secure, confidential, and transparent means of reporting anything that violates the Code of Securities. The consulting firm undertakes not to reveal the identity of the whistleblower if the whistleblower so chooses.

Reporting line media

- Means for accessing the reporting line must be available to employees or any person within the stakeholder groups, with the option of filing a report by phone call, text message, and/or directly on the supplier's website.
- These reporting methods must be provided to all employees from their first day on the job and reinforced through mass media at least twice a year.

Information received on the Reporting Line

- The information received will be used to investigate and resolve the issue raised. It will also be classified with a tracking number and by each company within the BeFra Group. Any investigation will be conducted with complete confidentiality and with respect for the people involved, including the person responsible for conducting the investigation.

BeFra Group Securities Committee

- He is responsible for ensuring and supervising the application of ethical practices by the company, its employees, and its stakeholders, as well as safeguarding the confidentiality of those involved.
- The Securities Committee must implement preventive actions to address the identified risks. Therefore, it has the authority to act in situations of consultation, advice, and training on issues related to the prevention and correction of conflicts involving violence, fraud, harassment, stalking, or any violation of the Securities Code and/or Internal Labor Regulations. It also has the authority to establish appropriate sanctions if the complaints received are confirmed.
- The Committee will meet as often as necessary to initiate or follow up on any of the above items. Each meeting will be documented through minutes and signed by the Committee members.

Reception, response and resolution to complaints

- The Committee will receive support from the companies that comprise the BeFra Group to gather information to provide a response and/or solution to the complaint received. The response time for each complaint will depend on the situation and the information gathered, ensuring that it is delivered as quickly as possible. Once the complaint is received, the Committee will have 10 business days to issue a resolution to the investigation and determine the appropriate actions. If more time is required to provide a response, this will be recorded in the minutes and the corresponding folio for the complaint.
- Any person who retaliates against an employee or third party who reports inappropriate conduct will be subject to disciplinary measures, which may range from administrative sanctions to termination of the current contractual relationship.

Constant Awareness

- Positioning best practices to eradicate inappropriate behavior requires us to provide ongoing training on the Code of Values and the reporting line. Therefore, key concepts will be reinforced each year through training programs, posters, emails, videos, etc.

Annual Reports of the Hotline

- The external consulting firm will provide immediate, quarterly, and annual reports on complaints, complaint type, and status to ensure that each complaint has been addressed or resolved.

Related documents

- AN-CR-01 BeFra Group Entities.
- PO-CPLG-03 Insider Trading Policy.
- PO-CPLG-06 Policy for the protection and safeguarding of confidential information.

	Betterware de México, S.A.P.I. de C.V.	
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CORPORATE INSIDER TRADING POLICY

<i>Prepared and Revised:</i>	<i>Authorizations:</i>		
Legal Manager Mr. BeFra	<i>Director of Finance and Administration</i>	Corporate Director Finance	Managing Director BeFra
Nancy Pozo García	Diana Jones	Alejandro Ulloa	Andrés Campos Chevallier

	Betterware de México, S.A.P.I. de C.V.	
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1. Objective

Prevent any executive, director, director, employee, or direct or indirect collaborator and “Insider” (as term is defined below) of the companies of the BeFra Group (as term is defined below), from disclosing or misusing or obtaining benefits from the improper treatment of Inside Information, as defined below.

2. Scope

- 2.1 This Policy is of general observance, applies and is enforceable to all Executives (as said term is defined below), directors, directors, direct or indirect collaborators, employees (hereinafter, the “**Obligated Entities**”), as well as their relatives and persons residing in the same domicile of the Obligated Entities and the companies controlled by any of the Obligated Entities.
- 2.2. This Policy imposes “Black-out Periods” and establishes prior authorization procedures that must be complied with by the Obligated Entities that intend to hold, acquire and/or sell BeFra Group securities, according to the terms defined below.

3. Definitions

- 3.1 Executive:** The term includes any employee of the companies of the BeFra Group who, regardless of the position held, performs command functions and/or handles or has access to Privileged Information, either of the companies that make up the BeFra Group or of their Parent Company. In case of doubt, the Chairman, Chief Executive Officer of BeFra and/or the Corporate Chief Financial Officer and/or the Ethics Committee of the companies of the BeFra Group, have the power to determine whether a person should be considered “Executive” for the purposes of this Policy.
- 3.2 Of the companies of the BeFra Group:** For the purposes of this Policy, the companies of the BeFra Group are made up of the Entities mentioned in Annex AN-CR-03 “Entities of the BeFra Group”.
- 3.3. Insider:** The term includes the Obligated Entities and in general any person who, due to their relationship or position within the companies of the BeFra Group, has access to Privileged Information.
- 3.4. Inside Information:** Material information (i.e. that an investor would consider relevant to make a decision to buy, sell or hold its Securities) that has not been publicly disclosed. The term Inside Information includes, but is not limited to:
- a) Financial information that has not been published.
 - b) Information about a significant transaction.

<i>Prepared and Revised:</i>		<i>Authorizations:</i>	
Legal Manager Mr. BeFra	<i>Director of Finance and Administration</i>	Corporate Director Finance	Managing Director BeFra
Nancy Pozo García	Diana Jones	Alejandro Ulloa	Andrés Campos Chevallier

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- c) Information about a significant event.
- d) Any other information that has an impact on the share price of the companies that make up the BeFra Group and/or its Parent Company, Betterware de México, S.A.P.I de C.V. or that any person, acting reasonably, could expect to have an impact on the share price of the aforementioned companies.
- e) For the purposes of this Policy, all information about relevant events of Grupo BeFra or its Parent Company that have not been disclosed to the public will be considered privileged.
- f) Information that has not been previously disclosed to the general public through a press release or previously filed with the U.S. Securities Exchange Commission (“SEC”) and/or any other regulatory body.

3.5. Exchange Act: Means the “Securities Exchange Act of 1934”.

3.6. Securities: Shares, debentures, puts, calls, options, derivative instruments, including warrants, and any other securities of Grupo BeFra or its Parent Company, or that grant the right or impose the obligation to buy or sell securities of Grupo BeFra or its Parent Company.

3.7. Trading: Purchase and sale of securities, with the understanding that these terms are interpreted in an enunciative and non-limiting manner by the “Exchange Act”. The term “purchase” includes not only the actual acquisition of a Security, but also any contract or instruction to purchase or otherwise acquire a Security. “Sale” includes not only the transfer of ownership of a Security, but also any contract or instruction to sell or otherwise dispose of a Security. These definitions apply to a wide range of transactions including, for example: conventional transactions in which an amount of money is paid for a Security, conversions, sale of a Security without monetary consideration and acquisitions and the exercise of rights provided for in warrants, puts, calis, or other options related to a Security.

3.8. Disclosure or Leakage of Privileged Information: Delivery of or allowing access to Privileged Information about Grupo BeFra by an Obligated Entity, Designated Person or an internal person with Privileged Information to an external third party, in order to carry out Securities operations. An outsider may include, without limitation, friends, business associates, spouse, or family member.

3.9. Black-out Period: It is defined as the periods of time during which operations with BeFra Group Securities are not allowed for Obligated Entities.

3.10. Warrants: It is a financial derivative, which gives the buyer the right, but not the obligation, to buy or sell a certain underlying asset in the market.

3.10.1 Put: A put option that gives the buyer the right (but not the obligation) to sell an asset to the seller of the option at a predetermined price in the future.

3.10.2 Call: A call option that gives the buyer the right (but not the obligation) to buy an asset from the buyer of the option at a predetermined price in the future.

3.11. Exchange Act, Rule 10b5-1: A rule that allows members of the company to establish a predetermined plan to sell shares of the company in accordance with insider trading laws.

3.12. Designated Persons: The Executives, employees and any other Obligated Entity that may be designated by the Executive Chairman of the Board of Directors, BeFra Chief Executive Officer, Betterware Chief Executive Officer and/or Jafra Chief Financial Officer and/or the Corporate Chief Financial Officer who have knowledge of any event relevant to BeFra Group, to the extent that such event is held as Privileged Information.

<i>Prepared and Revised:</i>	<i>Authorizations:</i>		
Legal Manager Mr. BeFra	<i>Director of Finance and Administration</i>	Corporate Director Finance	Managing Director BeFra
Nancy Pozo García	Diana Jones	Alejandro Ulloa	Andrés Campos Chevallier

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4. Development

1. General guidelines:

- a) Any questions regarding this Policy should be consulted directly with the President, BeFra CEO and/or the Corporate Finance Director.
- b) The Obligated Entities are responsible for ensuring compliance with this Policy by their family members and cohabitants in their homes.
- c) Any failure to comply with the requirements specified in this Policy constitutes grounds for immediate dismissal, without liability for Grupo BeFra.
- d) Failure to comply with this Policy is a serious offence that may result in disciplinary action by regulatory authorities, including possible fines and imprisonment, under Section 10 of the Exchange Act and other applicable laws.
- e) This Policy will be enforceable to each Obligated Entity, even after its service or employment relationship with Grupo BeFra has ended. If an Obligated Entity becomes aware of Privileged Information at the time or after its service or employment relationship with Grupo BeFra has ended, it may not carry out directly or through third parties “Trading” of Grupo BeFra’s Securities until such Privileged Information has been made public or is no longer privileged. However, the prior authorization procedures for designated Regulated Entities will cease to apply with respect to Trading of Securities of Grupo BeFra once any “Black-out Period” or other type of “Trading” restriction for specific events that is applicable to an Obligated Entity so agreed upon at the time of its cessation of service or employment relationship with Grupo BeFra expires.
- f) Any breach of this Policy should be reported through the whistleblower line or directly to the Executive Chairman of the Board of Directors, BeFra CEO, Betterware CEO, Jafra CEO and/or the Corporate CFO.
- g) Any Obligated Entity must previously inform the President, BeFra CEO and/or the Corporate Chief Financial Officer in writing 5 (five) days in advance of any Securities transaction that it plans to carry out so that Grupo BeFra may evaluate compliance in accordance with this Policy and the “Exchange Act” and, if applicable, authorize such transaction.

2. Prohibited Activities

- a) Obligated Entities that have Privileged Information may not carry out, directly or through third parties, transactions with any Securities of Grupo BeFra when they become aware that such Privileged Information has not been published through an official medium, in compliance with Section 10 of the “Exchange Act”, Rule 10b5-1.
- b) Those persons who, due to their position, are presumed to have Privileged Information may not directly or indirectly carry out operations with any BeFra Group Securities during a “Black-out Period”.

<i>Prepared and Revised:</i>	<i>Authorizations:</i>		
Legal Manager Mr. BeFra	<i>Director of Finance and Administration</i>	Corporate Director Finance	Managing Director BeFra
Nancy Pozo García	Diana Jones	Alejandro Ulloa	Andrés Campos Chevallier

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c) The Leakage of Inside Information is considered illegal, therefore, no Obligated Entity that has Inside Information related to BeFra Group should provide it to any person who is not related to such Privileged Information, unless required by the Executive Chairman of the Board of Directors, CEO BeFra, CEO of Betterware and/or CEO of Jafra and/or the Corporate Chief Financial Officer.

d) In the event that any Obligated Entity obtains Privileged Information about another company, including notifications of a possible transaction between that other company and Grupo BeFra, said Obligated Entity may not carry out Securities transactions with that company.

3. “Black-out Periods”

a) Due to the sensitivity of the quarterly results, the following “Black-out Periods” have been instituted, during which the Obligated Entities will not be able to carry out operations with respect to the Securities of Grupo BeFra:

i. Each period beginning ten (10) business days prior to the close of any fiscal year, quarterly or annual, of Grupo BeFra and ending after the expiration of one (1) business day after the date on which the financial information has been officially published with respect to the fiscal year in question.

ii. From time to time, it is possible that some relevant event may occur for BeFra Group that is only known to some Executives or employees. In such cases, to the extent that such event is held as Inside Information, the Executives, employees and any other Obligated Entity that was designated by the Executive Chairman of the Board of Directors, CEO BeFra, CEO of Betterware and/or CEO of Jafra and/or the Corporate Chief Financial Officer (“**Designated Persons**”), may not carry out transactions with BeFra Group Securities. In addition, the financial results of Grupo BeFra may be sufficiently material in a quarter that, in the opinion of the Executive Chairman of the Board of Directors, Chief Executive Officer of BeFra, Chief Executive Officer of Betterware and/or Chief Executive Officer of Jafra and/or the Chief Financial Officer, the Designated Persons should refrain from engaging in transactions with Group Securities of the BeFra Group even before the “Black-out Period” begins. In such case, the Executive Chairman of the Board of Directors, BeFra Chief Executive Officer, Betterware Chief Executive Officer and/or Jafra Chief Executive Officer and/or the Corporate Chief Financial Officer may notify the Designated Persons that they are not required to carry out transactions in BeFra Group Securities without having to disclose the cause of such restriction. The existence of a “Black-out Period” or the extension thereof, motivated by a particular event for the Designated Persons will not be communicated by BeFra Group in a general manner and must not be disclosed to any other person. Even if the Executive Chairman of the Board of Directors, Chief Executive Officer BeFra, Chief Executive Officer of Betterware and/or Chief Executive Officer of Jafra and/or the Chief Financial Officer has not individually designated you as a Designated Person subject to the restriction to conduct transactions in BeFra Group securities due to a particular event, such Designated Person may not carry out operations with Grupo BeFra securities if he or she has knowledge of Inside Information. There will be no exceptions during restrictions set during a Black-out Period occasioned by a particular event.

Prepared and Revised:	Authorizations:		
Legal Manager Mr. BeFra	Director of Finance and Administration	Corporate Director Finance	Managing Director BeFra
Nancy Pozo García	Diana Jones	Alejandro Ulloa	Andrés Campos Chevallier

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- b) Obligated Entities that commonly have access to Privileged Information by reason of their functions shall refrain from buying or selling, directly or indirectly, any Securities issued by Grupo BeFra within three (3) months immediately following the last sale or purchase they have made.
- c) Notwithstanding the provisions of Section **3.3 (a)** and **(b)**, the Obligated Entities may carry out transactions with respect to Grupo BeFra Securities during a certain “Black-out Period” provided that the President and/or the Chief Financial Officer deliver a written certificate stating: (i) the amount of Grupo BeFra Securities involved in the transaction to be carried out, (ii) that said Obligated Entity is aware of the Policy and of the fact that persons in possession of Inside Information are not authorized to carry out operations in accordance with the applicable regulations, (iii) that said Obligated Entity has not received, does not have possession or does not have knowledge of Inside Information, and (iv) its obligation to refrain from carrying out any transaction with respect to the Securities of Grupo BeFra in the event that: (a) comes into possession or becomes aware of any Inside Information, or (b) the Executive Chairman of the Board of Directors, Chief Executive Officer BeFra, Chief Executive Officer of Betterware and/or Chief Executive Officer of Jafra and/or the Corporate Chief Financial Officer informs you, in its sole discretion, of any restrictions applicable to such Obligated Entity. The Obligated Entity must present said certificate at least 72 business hours prior to the operation that is intended to be carried out during a “Black-out Period” and may not proceed until authorization is obtained from the Executive Chairman of the Board of Directors, BeFra CEO, Betterware CEO and/or Jafra CEO and/or the Corporate Finance Director. The certificate and authorization by the Executive Chairman of the Board of Directors, Chief Executive Officer of Betterware and/or Chief Executive Officer of Jafra and/or the Chief Financial Officer, if granted, shall be valid only in respect of the transaction reported in the certificate and in respect of the “Black-out Period” in question.

4. Insider Trading

- a) Any Obligated Subject with Privileged Information has the obligation to handle the information in a secure and discreet manner in compliance with the Internal Work Regulations and the Code of Ethics of each BeFra Group company, as well as with the Federal Law on the Protection of Personal Data in Possession of Private Parties and its Regulations.
- b) Any Inside Obligated Entity is prohibited from sharing or communicating such information to non-affiliated persons, unless such disclosure is previously authorized in writing by the Executive Chairman of the Board of Directors, CEO BeFra, CEO of Betterware and/or CEO of Jafra and/or the Corporate Chief Financial Officer.
- c) Due to the risk associated with the exchange of Inside Information, all employees are prohibited from exchanging information through any of the following communication channels: bulletin boards, the internet, chat rooms, social media, or any available online forum.

Prepared and Revised:	Authorizations:		
Legal Manager Mr. BeFra	Director of Finance and Administration	Corporate Director Finance	Managing Director BeFra
Nancy Pozo García	Diana Jones	Alejandro Ulloa	Andrés Campos Chevallier

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d) In the event that any employee accidentally discloses Inside Information, it must be reported immediately to the Executive Chairman of the Board of Directors, BeFra CEO, Betterware CEO and/or Jafra CEO and/or the Corporate Finance Director.

5. Investor Relations

- a) The persons authorized to communicate with investors will be: the Executive Chairman of the Board of Directors, BeFra CEO, Betterware CEO, Jafra’s CEO, the Corporate Finance Director and the Board of Directors.
- b) The Executive Chairman of the Board of Directors, BeFra CEO, Betterware CEO and/or Jafra CEO and/or the Corporate Finance Director shall make available to investors on the BeFra Group website at least the following information:
 - i. Audited financial statements;
 - ii. Quarterly financial statements;
 - iii. Quarterly e-newsletter with the main financial results and evolution of the key factors of the business;
 - iv. Periodic risk rating reports and statements of relevant facts; and
 - v. Press releases.

The information must remain available on the website of Grupo BeFra and/or its Parent Company for a minimum period of twelve (12) months from its publication.

- a) On an annual basis, the Executive Chairman of the Board of Directors, CEO of BeFra, CEO of Betterware and/or CEO of Jafra and/or the Corporate Chief Financial Officer, will present to analysts and other market players, the annual results of the BeFra Group, as well as an analysis of the expected results in the following year.
- b) The publication of Inside Information of Grupo BeFra shall be subject to the regulations previously established by the SEC regulation G, as well as compliance with the Regulation “Fair Disclosure” (FD).
 - i. All material or relevant information must be presented to the general public through a press release and, where appropriate, when so determined, the completion and presentation of it through form 6-K.
 - ii. In the event that a material or relevant event occurs and it must be disclosed through the 6-K form, then it must be presented to the general public within a period of no more than twenty-four (24) hours.

<i>Prepared and Revised:</i>	<i>Authorizations:</i>		
Legal Manager Mr. BeFra	<i>Director of Finance and Administration</i>	Corporate Director Finance	Managing Director BeFra
Nancy Pozo García	Diana Jones	Alejandro Ulloa	Andrés Campos Chevallier

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- iii. Nasdaq must be notified ten (10) minutes prior to the publication of material or relevant information during the trading hours of 7:00 a.m. to 8:00 p.m. (Eastern Standard Time).
- iv. In the event that the publication is made outside of trading hours, Nasdaq must be notified by 6:50 am (Eastern Standard Time).
- v. In the event of choosing to hold a conference call to present the information disclosed, the publication must be made within the following forty-eight (48) hours.

5. Related policies

N/A

6. Change History

DATE	VERSION	CHANGE
April 2023	01	1. New creation.
April 2024	02	Update to include a new name of the group companies as the BeFra Group, as well as to include functions and activities of the BeFra General Manager, and update to the authorizations to the policy.

<i>Prepared and Revised:</i>	<i>Authorizations:</i>		
Legal Manager Mr. BeFra	<i>Director of Finance and Administration</i>	Corporate Director Finance	Managing Director BeFra
Nancy Pozo García	Diana Jones	Alejandro Ulloa	Andrés Campos Chevallier

CERTIFICATION

I, Andres Campos Chevallier, certify that:

1. I have reviewed this annual report on Form 20-F of Betterware de México, S.A.P.I. de C.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

By: /s/ Andres Campos Chevallier

Name: Andres Campos Chevallier

Title: Chief Executive Officer

Dated: April 29, 2025

CERTIFICATION

I, Rodrigo Muñoz Gomez, certify that:

1. I have reviewed this annual report on Form 20-F of Betterware de México, S.A.P.I. de C.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

By: /s/ Rodrigo Muñoz Gomez
 Name: Rodrigo Muñoz Gomez
 Title: Chief Financial Officer

Dated: April 29, 2025

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Betterware de México, S.A.P.I. de C.V. (the “Company”) on Form 20-F for the fiscal year ended December 31, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Andres Campos Chevallier, Chief Executive Officer, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the U.S. Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Andres Campos Chevallier

Name: Andres Campos Chevallier

Title: Chief Executive Officer

Date: April 29, 2025

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Betterware de México, S.A.P.I. de C.V. (the “Company”) on Form 20-F for the fiscal year ended December 31, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Rodrigo Muñoz Gomez, Chief Financial Officer, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the U.S. Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Rodrigo Muñoz Gomez

Name: Rodrigo Muñoz Gomez

Title: Chief Financial Officer

Date: April 29, 2025