



## INDUSTRIAS BACHOCO ANNOUNCES SECOND QUARTER 2023 RESULTS

Celaya, Guanajuato, Mexico – July 27<sup>th</sup>, 2023

Industrias Bachoco, S.A.B. de C.V., “Bachoco” or “the Company”, (BMV: Bachoco) announced today its unaudited results for the second quarter (“2Q23”) and first half (“1H23”) 2023 ended on June 30, 2023. All figures have been prepared in accordance with International Financial Reporting Standard (“IFRS”) and are presented in nominal million Mexican Pesos (“\$”), except earnings per share.

### **HIGHLIGHTS- 2023 vs. 2022**

- Net sales decreased 9.6% and 7.2% vs 2Q22 and 1H22 respectively.
- EBITDA margin was 11.2% for 2Q23 and 10.0% for the 1H23, compared with an EBITDA margin of 15.9% of 2T22 and 15.2% for the 1S22.
- SG&A as percentage of net sales increased 5.1% and 5.3% vs 2Q22 and 1H22 respectively.

### **CEO COMMENTS ABOUT THE QUARTERLY RESULTS**

**Mr. Ernesto Salmon Castelo**, Chief Executive Officer of Bachoco, stated: “Following the seasonality of the business, the results of the 2Q23 were able to outbalance the results of the 1Q23, however, with a difficult comparison vs. the 2Q22.

In terms of volume, although the Others segment achieved an increase of 4.1% vs. 2Q22, the contraction in the Poultry segment, mainly in the US, caused the total volume to decrease by 0.7% vs. 2Q22.

Our total sales had a downward adjustment of 9.6% vs. 2Q22. This was mainly influenced by lower sales in the US operation as a result of lower prices in the commodity market, as well as an appreciation of the Mexican peso against the US dollar, which had a negative impact on the consolidation.

On the other hand, lower raw material costs in peso terms allowed our cost of sales to decrease 4.9% vs. 2Q22.

As a result, our operating income for 2Q23 was \$2,299.7 million, which represents a margin of 9.6%; this compares to the \$3,831.0 million and 14.5% margin obtained in 2Q22.

This translates into an EBITDA of \$2,678.0 million in 2Q23 with a margin of 11.2%, which compares to the \$4,212.5 million and 15.9% margin obtained in the same period of 2022.

Capital investments for the first semester of 2023 were \$1,867.8 million compared to \$1,908.8 million for the same period of 2022.

Lastly, we maintain our financial strength with a net cash position at the end of 2Q23 of \$15,825.0 million”.

## EXECUTIVE SUMMARY

The following financial information is expressed in millions of nominal pesos, except for amounts per share and per ADR, with comparative figures for the same periods of 2022.

## QUARTERLY RESULTS

### NET SALES BY GEOGRAPHY

In millions of pesos	2Q23	2Q22	Change	
	\$	\$	\$	%
Net Sales	23,885.2	26,432.1	(2,546.9)	(9.6)
Net sales in Mexico	19,994.7	19,839.8	155.0	0.8
Net sales in the U.S.	3,890.5	6,592.3	(2,701.9)	(41.0)

### NET SALES BY SEGMENT

In millions of pesos	2Q23	2Q22	Change	
	\$	\$	\$	\$
Net Sales	23,885.2	26,432.1	(2,546.9)	(9.6)
Poultry	19,744.2	22,605.9	(2,861.7)	(12.7)
Other	4,141.0	3,826.1	314.9	8.2

### NET VOLUME SOLD BY SEGMENT

In tons	2Q23	2Q22	Change	
			Volume	%
Total sales volume:	587,505	591,738	(4,232.9)	(0.7)
Poultry	427,183	437,723	(10,539.8)	(2.4)
Others	160,322	154,015	6,306.9	4.1

The Company’s 2Q23 net sales totaled \$23,885.2 million; \$2,546.9 million or 9.6% less than the \$26,432.1 million reported in 2Q22.

In 2Q22, sales of our U.S. operations represented 16.3% of our total sales compared to a 24.9% in the same period of 2022. This decrease is due to lower volume and prices, as well as the average appreciation of 11.6% of the Mexican peso against the US dollar.

### GROSS PROFIT

In millions of pesos	2Q23	2Q22	Change	
	\$	\$	\$	%
Cost of sales	19,514.6	20,518.5	(1,003.9)	(4.9)
Gross profit	4,370.6	5,913.6	(1,543.0)	(26.1)
Gross margin	18.3%	22.4%	-	-

In 2Q22, cost of sales was \$19,514.6 million; \$1,003.9 million or 4.9% lower than the \$20,518.5 million reported in 2Q22. This decrease was due to lower unit cost in our main business lines as a result of lower raw material prices in Mexican pesos terms.

The Company's gross profit in 2Q23 was \$4,370.6 million, lower than the gross profit of \$5,913.6 million in 2Q22, with a gross margin of 18.3% for 2Q23 vs 22.4% in 2Q22.

### **SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ("SG&A")**

In millions of pesos	2Q23	2Q22	Change	
	\$	\$	\$	%
Total SG&A	2,230.8	2,123.3	107.5	5.1

Total SG&A expenses in 2Q23 were \$2,230.8 million; \$107.5 million higher than the \$2,123.3 million reported in 2Q22. Total SG&A expenses as a percentage of net sales were 9.3% in 2Q23 and 8.0% in 2Q22.

### **OTHER INCOME (EXPENSE), NET**

In millions of pesos	2Q23	2Q22	Change	
	\$	\$	\$	%
Other income (expense), net	159.8	40.7	119.2	293.1

This item mainly includes the sale of unused assets as well as hens and other by-products. We record such sales as expenses when the sale price is below the book value of those assets.

In 2Q23, we recorded other income of \$159.8 million, compared with other income of \$40.7 million reported in 2Q22.

### **OPERATING INCOME**

In millions of pesos	2Q23	2Q22	Change	
	\$	\$	\$	%
Operating income	2,299.7	3,831.0	(1,531.3)	(40.0)
Operating margin	9.6%	14.5%	-	-

Operating income in 2Q23 totaled \$2,299.7 million; \$1,531.3 million lower than the \$3,831.0 million reported in 2Q22. This represents an operating margin of 9.6% for 2Q23, compared with 14.5% of operating margin of the same period of 2022.

### **NET FINANCIAL INCOME**

In millions of pesos	2Q23	2Q22	Change	
	\$	\$	\$	%
Net Financial Income	(629.0)	157.9	(786.9)	(498.4)
Financial Income	385.8	333.6	52.2	15.6
Financial Expense	1,014.8	175.7	839.0	477.5

In 2Q23, the Company reported net financial expenses of \$629.0 million, compared to the net financial income of \$157.9 million reported in the same period of 2022. The variation is principally due to a negative exchange result in 2Q23.

### **TAXES FOR THE PERIOD**

In millions of pesos	2Q23	2Q22	Change	
	\$	\$	\$	%
Total Taxes	536.5	1,054.1	(517.6)	(49.1)
Income tax	731.1	394.7	336.4	85.2
Deferred income tax	(194.7)	659.4	(854.1)	(129.5)

As a result of a lower operating income, total taxes for the 2Q23 were \$536.5 million compared with total taxes of \$1,054.1 million in the same period of 2022.

### NET CONTROLLING INTEREST INCOME

In millions of pesos	2Q23	2Q22	Change	
	\$	\$	\$	%
Net income	1,134.2	2,934.8	(1,800.5)	(61.4)
Net margin	4.7%	11.1%	-	-
Non-Controlling Interest income	(35.9)	(9.3)	(26.6)	n/a
Net controlling interest income	1,170.1	2,944.1	(1,774.0)	n/a
Basic and diluted income per share <sup>1</sup>	1.95	4.91	(3.0)	n/a
Basic and diluted income per ADR <sup>2</sup>	23.43	58.94	(35.5)	n/a
Weighted average Shares outstanding <sup>3</sup>	599,380	599,380	-	-

<sup>1</sup> In pesos

<sup>2</sup> in pesos, one ADR equals to twelve shares

<sup>3</sup> In thousands of shares

For the 2Q23 we had Net controlling interest income of \$1,170.1 million, representing a basic and diluted income per share of \$1.95 compared with a Net controlling interest income of \$2,944.1 million, and \$4.91 pesos of income per share in 2Q22. This decrease was attributed to lower operating results. Net margin in 2Q23 was 4.7% compared to the 11.1% reported in 2Q22.

### EBITDA

In millions of pesos	2Q23	2Q22	Change	
	\$	\$	\$	%
Net controlling interest income	1,170.1	2,944.1	(1,773.9)	(60.3)
Income tax expense (benefit)	536.5	1,054.1	(517.7)	(49.1)
Result in associates	(35.9)	(9.3)	(26.6)	284.6
Net finance (income) expense	629.0	(157.9)	786.9	(498.4)
Depreciation and amortization	378.4	381.5	(3.1)	(0.8)
EBITDA	2,678.0	4,212.5	(1,534.4)	(36.4)
EBITDA Margin (%)	11.2%	15.9%	-	-
Net revenues	23,885.2	26,432.1	(2,546.9)	(9.6)

EBITDA in 2Q22 reached \$2,678.0 million, representing an EBITDA margin of 11.2%, compared to an EBITDA of \$4,212.5 million and EBITDA margin of 15.9% in 2Q23.

## ACCUMULATED RESULTS

### NET SALES BY GEOGRAPHY

In millions of pesos	1H23	1H22	Change	
	\$	\$	\$	%
Net Sales	47,157.4	50,799.1	(3,641.7)	(7.2)
Net sales in Mexico	38,861.3	37,936.2	925.1	2.4
Net sales in the U.S.	8,296.1	12,862.9	(4,566.8)	(35.5)

### NET SALES BY SEGMENT

In millions of pesos	1H23	1H22	Change	
	\$	\$	\$	%
Net Sales	47,157.4	50,799.1	(3,641.7)	(7.2)
Poultry	39,383.8	43,482.1	(4,098.4)	(9.4)
Other	7,773.6	7,316.9	456.7	6.2

## NET VOLUME SOLD BY SEGMENT

In metric tons	1H23	1H22	Change	
			Volume	%
Total sales volume:	1,158,575	1,188,282	(29,707.5)	(2.5)
Poultry	858,405	878,759	(20,354.2)	(2.3)
Others	300,170	309,523	(9,353.4)	(3.0)

During the first half of 2023, net sales totaled \$47,157.4 million; \$3,641.7 million or 7.2% less than \$50,799.1 million reported in the same period of 2022.

In 1H23, sales of our U.S. operations represented 17.6% of our total sales, compared with 25.3% in 1H22.

## OPERATING RESULTS

In millions of pesos	1H23	1H22	Change	
	\$	\$	\$	%
Cost of Sales	39,063.0	39,759.0	(696.0)	(1.8)
Gross Profit	8,094.4	11,040.1	(2,945.7)	(26.7)
Total SG&A	4,341.3	4,122.4	218.9	5.3
Other Income (expense)	192.0	55.5	136.5	245.8
Operating Income	3,945.1	6,973.2	(3,028.1)	(43.4)
Net Financial Income	(1,642.0)	(77.9)	(1,564.1)	2,009.2
Income Tax	692.7	1,832.6	(1,139.9)	(62.2)
Net Income	1,610.4	5,062.7	(3,452.3)	(68.2)
Non-controlling interest	(72.1)	(37.9)	(34.1)	90.0
Net controlling interest Income	1,682.5	5,100.7	(3,418.2)	(67.0)

In 1H23, the cost of sales totaled \$39,063.0 million; \$696.0 million or 1.8% less than the \$39,759.0 million reported in 1H22.

As a result, we reached a gross profit of \$8,094.4 million and a gross margin of 17.2% in 1H23, when compared to \$11,040.1 million of gross profit and margin of 21.7% reached in the same period of 2022.

Total SG&A expenses in 1H23 were \$4,341.3 million; \$218.9 million or 5.3% more than the \$4,122.4 million reported in 1H22. In 1H23 total SG&A expenses as a percentage of net sales represented 9.2% compared with 8.1% in 1H22.

In 1H23 we had other income of \$192.0 million, compared with other ingresos of \$55.5 million reported in 1H22.

Operating income in 1H23 was \$3,945.1 million, which represents an operating margin of 8.4%, a decrease compared to the operating income of \$6,973.2 million and the operating margin of 13.7% in 1H22.

Net financial expenses in 1H23 was \$1,642.0 million, compared to a net financial income of \$77.6 million in 1H22.

Total taxes were \$692.7 million as of June 30, 2023. These taxes include \$1,163.3 million of income tax and \$470.6 million of deferred income taxes. These figures compare to \$999.3 million of income tax and \$833.3 million of deferred income taxes for the 1S22.

All the above resulted in a Net controlling interest income of \$1,682.5 million or 3.4% of margin in the 1H23, which represents \$2.81 pesos of earnings per share; while in the 1H22 the Net controlling interest income totaled \$ 5,100.7 million, 10.0% of margin and \$8.51 pesos of earnings per share.

#### EBITDA

In millions of pesos	1H23	1H22	Change	
	\$	\$	\$	%
Net controlling interest profit	1,682.5	5,100.7	(3,418.2)	(67.0)
Income tax expense (benefit)	692.7	1,832.6	(1,139.9)	(62.2)
Result in associates	(72.1)	(37.9)	(34.1)	90.0
Net finance (income) expense	1,642.0	77.9	1,564.1	2,009.2
Depreciation and amortization	766.3	756.3	9.9	1.3
EBITDA	4,711.3	7,729.5	(3,018.2)	(39.0)
EBITDA Margin (%)	10.0%	15.2%	-	-
Net revenues	47,157.4	50,799.1	(3,641.7)	(7.2)

EBITDA in 1H23 reached \$4,711.3 million, representing an EBITDA margin of 10.0%, compared to an EBITDA of \$7,729.5 million in 1H22, with a margin of 15.2%.

### BALANCE SHEET

#### BALANCE SHEET DATA

In millions of pesos	June 30, 2023	Dec. 31 <sup>st</sup> , 2022	Change	
	\$	\$	\$	%
TOTAL ASSETS	72,747.3	72,568.8	178.4	0.2
Cash and cash equivalents	20,632.2	20,080.9	551.3	2.7
Accounts receivable	5,664.6	5,954.5	(289.9)	(4.9)
TOTAL LIABILITIES	19,851.9	19,667.5	184.4	0.9
Accounts payable	6,349.4	9,082.4	(2,733.1)	(30.1)
Short-term debt	1,789.2	1,181.5	607.7	51.4
Long-term debt	3,017.9	3,010.5	7.5	0.2
TOTAL STOCKHOLDERS' EQUITY	52,895.4	52,901.3	(5.9)	(0.0)
Capital stock	1,174.4	1,174.4	(0.0)	(0.0)

Cash and equivalents as of June 30, 2023 totaled \$20,632.2 million vs \$20,080.9 million as of December 31, 2022.

Total debt as of June 30, 2023 was \$4,807.2 million, compared to \$ 4,192.0 million reported as of December 31, 2022.

Net cash as of June 30, 2023 was \$15,825.0 million, compared to net cash of \$15,888.9 million as of December 31, 2022.

#### CAPITAL EXPENDITURES

In millions of pesos	1H23	1H22	Change	
	\$	\$	\$	%
Capital Expenditures	1,867.8	1,908.8	(41.0)	(2.1)

### STOCK INFORMATION

As of June 30, 2023

Total Shares	600,000,000
Total free float	2.3%
Market cap (millions of pesos)	\$51,600

**SHARE PRICE****Mexican Stock Exchange**

Ticker Symbol: Bachoco

In nominal pesos per Share

**The New York Stock Exchange**

Ticker Symbol: IBA

In U.S. Dollar per ADR

Month	High	Low	Close	High	Low	Close
June	86.00	81.00	86.00	-	-	-
May	81.40	74.96	81.40	-	-	-
April	95.47	79.61	81.00	62.99	53.00	53.00
March	97.29	81.66	97.29	66.25	53.81	66.25
February	82.50	81.66	82.28	53.74	51.22	53.30
January	84.11	81.71	81.82	53.54	50.48	52.23

*Source: Yahoo Finances***APPENDICES**

For reference, some figures have been translated into millions of U.S. dollars ("USD") using an exchange rate of \$17.12 per USD \$1.0, which corresponds to the rate at the close of June 30, 2023, according to Mexico's National Bank.

- **Consolidated Statement of Financial Position**
- **Consolidated Statement of Income**
- **Consolidated Statement of Cash Flows**
- **Derivatives Position Report**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

-Unaudited-

In million pesos	In U.S. Dollar 2023	June 30, 2023	December 31, 2022*
<b>TOTAL ASSETS</b>	<b>\$ 4,249.3</b>	<b>72,747.3</b>	<b>72,568.8</b>
Total current assets	2,331.6	39,916.7	40,033.8
Cash and cash equivalents	1,205.2	20,632.2	20,080.9
Total accounts receivable	330.9	5,664.6	5,954.5
Inventories	648.4	11,100.8	11,592.0
Other current assets	147.1	2,519.1	2,406.3
Total non current assets	1,917.7	32,830.6	32,535.1
Net property, plant and equipment	1,480.4	25,345.0	24,578.5
Other non current Assets	437.2	7,485.6	7,956.6
<b>TOTAL LIABILITIES</b>	<b>\$ 1,159.6</b>	<b>19,851.9</b>	<b>19,667.5</b>
<b>Total current liabilities</b>	<b>696.7</b>	<b>11,927.3</b>	<b>10,667.3</b>
Notes payable to banks	104.5	1,789.2	1,181.5
Accounts payable	370.9	6,349.4	9,082.4
Other taxes payable and other accruals	221.3	3,788.7	403.3
<b>Total long-term liabilities</b>	<b>462.9</b>	<b>7,924.6</b>	<b>9,000.2</b>
Long-term debt	176.3	3,017.9	3,010.5
Other non current liabilities	58.6	1,002.9	1,106.3
Deferred income taxes	228.0	3,903.7	4,883.5
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$ 3,089.7</b>	<b>52,895.4</b>	<b>52,901.3</b>
Capital stock	68.6	1,174.4	1,174.4
Commission in shares issued	24.2	414.1	414.1
Retained earnings	2,964.5	50,751.4	50,158.6
Others accounts	8.7	149.1	744.7
Non controlling interest	23.7	406.4	409.5
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 4,249.3</b>	<b>72,747.3</b>	<b>72,568.8</b>

\*Audited



## CONSOLIDATED STATEMENT OF INCOME

Second Quarter Results, ended June 30th:

-Unaudited-

In millions pesos	U.S. Dollar		
	2023	2023	2022
<b>Net sales</b>	\$ 1,395.2	<b>23,885.2</b>	26,432.1
Cost of sales	<u>1,139.9</u>	<u>19,514.6</u>	<u>20,518.5</u>
Gross profit	255.3	<b>4,370.6</b>	5,913.6
SG&A	130.3	<b>2,230.8</b>	2,123.3
Other income (expenses), net	<u>9.3</u>	<u>159.8</u>	<u>40.7</u>
Operating income	134.3	<b>2,299.7</b>	3,831.0
Net finance income	(36.7)	<b>(629.0)</b>	157.9
Income tax	<u>31.3</u>	<u>536.5</u>	<u>1,054.1</u>
<b>Net Income</b>	<u>\$ 66.3</u>	<u><b>1,134.2</b></u>	<u>2,934.7</u>
Non-controlling interest	(2.10)	<b>(35.9)</b>	(9.3)
Net controlling interest profit	68.35	<b>1,170.1</b>	2,944.1
Basic and diluted earnings per share	0.11	<b>1.95</b>	4.91
Basic and diluted earnings per ADR	1.37	<b>23.43</b>	58.94
Weighted average Shares outstanding <sup>1</sup>	599,380	<b>599,380</b>	599,380
<b>EBITDA Result</b>	<u>\$ 156.4</u>	<u><b>2,678.0</b></u>	<u>4,212.5</u>
Gross margin	18.3%	<b>18.3%</b>	22.4%
Operating margin	9.6%	<b>9.6%</b>	14.5%
Net margin	4.9%	<b>4.7%</b>	11.1%
EBITDA margin	11.2%	<b>11.2%</b>	15.9%

<sup>1</sup> In thousands

## CONSOLIDATED STATEMENT OF INCOME

Accumulated results, for the six months ended June 30.

-Unaudited-

In millions pesos	U.S. Dollar		
	2023	2023	2022
Net sales	\$ 2,754.5	<b>47,157.4</b>	50,799.1
Cost of sales	<u>2,281.7</u>	<u><b>39,063.0</b></u>	<u>39,759.0</u>
Gross profit	472.8	<b>8,094.4</b>	11,040.1
Selling, general and administrative expense	253.6	<b>4,341.3</b>	4,122.4
Other income (expenses), net	<u>11.2</u>	<u><b>192.0</b></u>	<u>55.5</u>
Operating income	230.4	<b>3,945.1</b>	6,973.2
Net finance income	(95.91)	<b>(1,642.0)</b>	(77.9)
Income tax	<u>40.5</u>	<u><b>692.7</b></u>	<u>1,832.6</u>
<b>Net income</b>	<u>\$ 94.1</u>	<u><b>1,610.4</b></u>	<u>5,062.7</u>
Non-controlling interest	(4.21)	<b>(72.1)</b>	(37.9)
Net controlling interest profit	98.3	<b>1,682.5</b>	5,100.7
Basic and diluted earnings per share	0.16	<b>2.81</b>	8.51
Basic and diluted earnings per ADR	1.97	<b>33.7</b>	102.12
Weighted average Shares outstanding <sup>1</sup>	599,380	<b>599,380</b>	599,380
<b>EBITDA Result</b>	<u>\$ 275.2</u>	<u><b>4,711.3</b></u>	<u>7,729.5</u>
Gross margin	17.2%	<b>17.2%</b>	21.7%
Operating margin	8.4%	<b>8.4%</b>	13.7%
Net margin	3.6%	<b>3.4%</b>	10.0%
EBITDA margin	10.0%	<b>10.0%</b>	15.2%

<sup>1</sup> In thousands

## CONSOLIDATED STATEMENT OF CASH FLOWS

In million of pesos

-Unaudited-

	U.S. Dollar	June 30,	
	2023	2023	2022
<b>NET MAJORITY INCOME BEFORE INCOME TAX</b>	\$ 134.5	<b>2,303.1</b>	<b>6,895.3</b>
<b>ITEMS RELATING TO INVESTING ACTIVITIES:</b>	37.4	<b>640.7</b>	919.6
Depreciation and others	54.5	<b>933.0</b>	1,016.7
Income (loss) on sale of plant and equipment	(0.7)	<b>(12.5)</b>	23.2
Other Items	(16.3)	<b>(279.8)</b>	(120.3)
<b>NET CASH GENERATED FROM NET INCOME BEFORE TAXES</b>	172.0	<b>2,943.8</b>	7,814.9
<b>CASH GENERATED OR USED IN THE OPERATION:</b>	9.6	<b>163.6</b>	(3,932.2)
Decrease (increase) in accounts receivable	0.7	<b>12.7</b>	(251.1)
Decrease (increase) in inventories	32.9	<b>563.7</b>	(4,165.5)
Increase (decrease) in accounts payable	32.2	<b>551.4</b>	(1,993.0)
Other Items	(56.3)	<b>(964.2)</b>	2,477.5
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	181.5	<b>3,107.5</b>	3,882.7
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	(57.6)	<b>(985.4)</b>	(2,508.4)
Acquisition of property, plant and equipment	(108.8)	<b>(1,863.3)</b>	(1,908.9)
Proceeds from sales of property plant and equipment	5.4	<b>91.7</b>	53.5
Other Items	45.9	<b>786.3</b>	(653.1)
<b>CASH FLOW SURPLUS (REQUIREMENTS OF) TO BE USED IN FINANCING ACTIVITIES</b>	124.0	<b>2,122.1</b>	1,374.2
<b>Net cash provided by financing activities:</b>	(89.9)	<b>(1,539.5)</b>	(1,601.5)
Proceeds from loans	43.8	<b>750.0</b>	570.0
Principal payments on loans	(18.3)	<b>(313.2)</b>	11.4
Dividends paid	(28.7)	<b>(491.5)</b>	(425.8)
Other items	(86.7)	<b>(1,484.9)</b>	(1,757.1)
Net increase (decrease) in cash and equivalents	34.0	<b>582.5</b>	(227.3)
Cash and investments at the beginning of year	\$ 1,171.1	<b>20,049.6</b>	20,707.1
<b>CASH AND INVESTMENTS AT END OF PERIOD</b>	<b>\$ 1,205.2</b>	<b>20,632.2</b>	20,479.8

## DERIVATIVES POSITION REPORT

### Second Quarter 2023

Thousands of Mexican Pesos, as of June 30, 2023

TYPE OF FINANCIAL INSTRUMENT	OBJECTIVE	NOTIONAL	VALUE OF THE RELATED COMMODITY				REASONABLE VALUE		AMOUNTS DUE BY YEAR	GUARANTIES REQUIRED					
			2Q-2023		1Q-2023		2Q-2023	1Q-2023							
Forward Vanilla y KO Fwd	Hedge	\$ 112,018	\$ 17.12		\$ 18.02		\$ -281,629	\$ -271,562	84% in 2023 and 16% in 2024	The deals consider the possibility of margin calls but not another kind of guarantee					
Futures for corn, soybean meal, soybean oil and natural gas	Hedge	\$ 573,583	CORN In USD per Bushel		CORN In USD per Bushel		-								
			month	price	month	price									
			Sep_23	\$ 4.885	May-23	\$ 6.605									
			Dec_23	\$ 4.948	Jul-23	\$ 6.360									
					Sep-23	\$ 5.773									
					Dec-23	\$ 5.665									
			SOYBEAN MEAL In USD per ton		SOYBEAN MEAL In USD per ton							\$ 20,168	\$ 27,566		
			month	price	month	price									
			Aug_23	\$ 413.9	May-23	\$ 466.0									
			Sep_23	\$ 406.1	Jul-23	\$ 461.3									
			Oct_23	\$ 398.8	Aug-23	\$ 450.2									
Dec_23	\$ 397.3	Sep-23	\$ 435.7												
		Oct-23	\$ 423.2												
		Dec-23	\$ 419.8												
SOYBEAN OIL In US cents per pound		SOYBEAN OIL In US cents per pound													
Month	Price	Month	Price												
Dec_23	\$ 58.97	Sep-23	\$ 54.78												
Oct_23	\$ 59.36	May-23	\$ 55.49												
		Jul-23	\$ 55.62												
		Aug-23	\$ 55.24												
Options of Corn	Hedge	\$ 742,985	CORN In USD per Bushel		CORN In USD per Bushel		\$ 65,056	\$ 10,105	92% in 2023 and 8% in 2024						
			month	price	month	price									
			Sep_23	\$ 4.885	May-23	\$ 6.605									
			Dec_23	\$ 4.948	Jul-23	\$ 6.360									
			Aug_23	\$ 5.545	Sep-23	\$ 5.773									
			Mar_24	\$ 5.065	Dec-23	\$ 5.665									
					Mar-24	\$ 5.740									
Options of soybean meal	Hedge	\$ 630,985	SOYBEAN MEAL In USD per ton		SOYBEAN MEAL In USD per ton		\$ 18,167	\$ 81,921	76% in 2023 and 24% in 2024						
			month	price	month	price									
			Aug_23	\$ 413.9	May-23	\$ 466.0									
			Sep_23	\$ 406.1	Jul-23	\$ 461.3									
			Oct_23	\$ 398.8	Aug-23	\$ 450.2									
			Dec_23	\$ 397.3	Sep-23	\$ 435.7									
			Jan_24	\$ 394.5	Oct-23	\$ 423.2									
			Mar_24	\$ 385.5	Dec-23	\$ 419.8									
					Jan-24	\$ 413.8									
					Mar-24	\$ 401.8									

-The total financial instruments do not exceed 5% of total assets as of June 30, 2023.

-The notional value represents the net position as of June 30, 2023 at the exchange rate of Ps.17.12 per one dollar.

-A negative value means an unfavorable effect for the Company.

**Second Quarter 2023**

Thousands of Mexican Pesos, as of June 30, 2023

**PROBABLE SCENARIO**

TYPE OF FINANCIAL INSTRUMENT	REASONABLE VALUE	VALUE OF THE RELATED COMMODITY			EFFECT ON THE INCOME STATEMENT	EFFECT ON THE CASH FLOW <sup>(3)</sup>		
		Reference Value <sup>(1)</sup>				-2.5%	2.5%	5.0%
		-2.5%	2.5%	5.0%				
Forward Vanilla y KO Fwd	-\$ 281,629	\$16.69	\$ 17.55	\$ 17.98	Direct	-\$ 329,558	-\$ 233,696	-\$ 185,766
		-5%	5%	10%		-5%	5%	10%
Futures of Corn: <sup>(2)</sup>		\$ 4.64	\$ 5.13	\$ 5.37	The effect will materialize as the inventory is consumed			
Futures of Soybean Meal: <sup>(2)</sup>	-\$ 20,168	\$ 393.2	\$ 434.6	\$ 455.3		-\$ 48,847	\$ 8,511	\$ 37,190
Futures for Soy Oil (2)		\$ 56.0	\$ 61.9	\$ 64.9				
Options for Corn	-\$ 65,056	\$ 4.64	\$ 5.13	\$ 5.37		-\$ 85,770	-\$ 41,957	-\$ 18,858
Options of Soybean Meal	\$ 18,167	\$ 393.2	\$ 434.6	\$ 455.3		-\$ 11,644	\$ 47,978	\$ 77,789

<sup>(1)</sup> The reference value is the exchange rate of Ps. \$17.12 per USD as of June 30, 2023.

<sup>(2)</sup> The reference values are: future of corn Sep 2023, \$4.8850 USD/bushel, the future of soybeanmeal Aug 2023, \$413.90 USD/ton and the future of soybean oil Dec 2023, \$58.97 usd cts / pound.

<sup>(3)</sup> All the evaluations are performed according with the corresponding future, here only the first month futures are shown.

<sup>(3)</sup> The Company has credit lines with the majority of its counterparts, so that the effect in cash flow is lower than the amount shown.

**-A negative value means an unfavorable effect for the Company.**

**Second Quarter 2023**

Thousands of Mexican Pesos, as of June 30, 2023

**STRESS SCENARIO**

TYPE OF FINANCIAL INSTRUMENT	REASONABLE VALUE	VALUE OF THE RELATED COMMODITY				EFFECT ON THE INCOME STATEMENT	EFFECT ON THE CASH FLOW			
		Reference Value					-50%	-25%	25%	50%
		-50%	-25%	25%	50%					
Forward Vanilla y KO Fwd	-\$281,629	\$8.56	\$12.84	\$21.40	\$25.68	Direct	-\$1,240,248	-\$760,936	\$136,779	\$520,564

## COMPANY DESCRIPTION

Industrias Bachoco is the leader in the Mexican poultry industry, and one of the largest poultry producers globally. The Company was founded in 1952, and became a public company in 1997, via a public offering of shares on the Mexican and The New York Stock Exchange. Bachoco is a vertically integrated company headquartered in Celaya, Guanajuato located in Central Mexico. Its main business lines are: chicken, eggs, balanced feed, swine, and turkey and beef value-added products. Bachoco owns and manages more than a thousand facilities, organized in nine production complexes and 100 distribution centers in Mexico, and a production complex in the United States. Currently the Company employs more than 34,000 people.

The Company is rated **AAA (MEX)**, the highest rating awarded by Fitch Mexico, S.A. de C.V., and **HR AAA** which signals that the Company and the offering both have the highest credit quality by HR Ratings de Mexico S.A. de C.V.

## DISCLAIMER

The document contains certain information that could be considered forward looking statements concerning anticipated future events and performance of the Company. The statements reflect management's current beliefs based on information currently available and are not guarantees of future performance and are based on our estimates and assumptions that are subject to risks and uncertainties, including those described in our Annual Information Form, which could cause our actual results to differ materially from the forward-looking statements contained in this document. Those risks and uncertainties include risks associated with ownership in the poultry industry, competition for investments within the poultry industry, shareholder liability, governmental regulation, and environmental matters. As a result, there can be no assurance that actual results will be consistent with these forward-looking statements. Except as required by applicable law, Industrias Bachoco, S.A.B. de C.V., undertakes no obligation to publicly update or revise any forward-looking statement.



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