[411000-AR] General Information – Anual Report

Anual Report:	Anexo N
Restricted Public Offer:	No
Type of Instrument:	Stocks, LT Debt
Foreign issuer:	No
Mention whether or not it has a guarantee or other guarantee, specify the Reason or Company Name::	No
If applicable, detail the partial or total dependency:	No

[412000-N] Annual report cover

INDUSTRIAS BACHOCO S.A.B. DE C.V.

Avenida Tecnológico No. 401

Ciudad Industrial C.P. 38010

Celaya, Guanajuato, México

www.bachoco.com.mx

Tel. (461) 618 3500

Serie [Eje]	Bachoco 22	BachocoB	IBA
Specification of the characteristics of securities in circulation [Synopsis]			
Class	Local Bonds	Shares	ADR
Serie	B	B	B
Type	1	1	1
Number of stocks	3,000,000,000	600,000,000	0
Stock Exchange where they are registred	Bolsa Mexicana de Valores	Bolsa Mexicana de Valores	New York Stock Exchange
Market Ticker	BACHOCO 22	BachocoB	IBA
Type of operation			
Observations			As part of a delisting process announced on March 28, 2023, Bachoco filed Form 15F with the United States Securities and Exchange Commission ("SEC") on April 24, 2023, with the effect of immediately suspending your reporting obligations under the US Securities Act. For more information, see the Capital Markets/Shareholding Structure section.

Ticker:

BACHOCO

The mention that the securities of the issuer are registered in the Registry:

The securities are registered in the National Securities Registry

Extract from Article 86 from LMV:

Registration in the National Securities Registry does not imply certification of the goodness of the securities, solvency of the issuer or the accuracy or veracity of the information contained in this Annual Report, nor does it validate the acts that, if applicable, have been carried out. in contravention of the laws.

Extract from Annual Report in CUE (Circular Unica de Emisoras) :

Annual report that is presented in accordance with the general provisions applicable to issuers of securities and other market participants

Period presented:

Year ended December 31, 2022

Serie	Stock Certificates
Characteristics of Debt Securities [Synopsis]	
Debt Serie	B
Date of issue	2022-08-05
Due date	2025-08-01
Issuance term in years	1,092 días.
Interest / Yield calculation procedure	As of the Issuance Date, and as long as they are not fully amortized, the Securitization Certificates will accrue annual gross interest on their Nominal Value at the Annual Gross Interest Rate, which the Common Representative will calculate 2 Business Days prior to the start of each 28-day Interest Period (the "Annual Gross Interest Rate Determination Date"), and will be in effect during the corresponding period For the first Interest Period, the Securitization Certificates will accrue annual gross interest on their Nominal Value considering the Annual Gross Interest Rate applicable to the first Interest Period. The rate used by the Common Representative will be the one resulting from adding 0.07% to the Interbank Equilibrium Interest Rate for a term of 28 days ("TIIE" or "Reference Interest Rate") (or the Substitute Rate) capitalized or , if applicable, equivalent to the number of calendar days effectively elapsed in the corresponding Interest Period, which is disclosed by Banco de México through the massive media that it determines or through any other electronic, computing or of telecommunications, including Internet, authorized for this purpose by Banco de México, on the Date of Determination of the corresponding Gross Annual Interest Rate or, if not applicable, within the 2 Business Days prior to it, in which case you must be communicated on the Business Day closest to the Date of Determination of the Annual Gross Interest Rate shall be taken as the basis. In the event that the Reference Interest Rate ceases to exist or be published, the Common Representative will use as a substitute rate to determine the Annual Gross Interest Rate of the Securitization Certificates, the one that Banco de México officially announces as the substitute rate. of the 28-day TIIE (the "Substitute Rate"). See chapter “Interest Calculation Form” of the Title and the Supplement. Interest Rate Applicable to the First Period: 8.18%

Serie	Stock Certificates
Characteristics of Debt Securities [Synopsis]	
Place, periodicity and method of payment of interest / Returns Periodicity in the payment of interest / returns	The principal and interest accrued with respect to the Securitization Certificates will be paid, through the Issuer, by electronic transfer on the Maturity Date and on each Interest Payment Date respectively, at the domicile of Indeval, whose offices are located at Paseo de la Reforma Avenue, number 255, third floor, Cuauhtémoc neighborhood, Cuauhtémoc, C.P. 06500, Mexico City. The ordinary interest accrued by the Securitization Certificates will be settled every 28 days (said period, an "Interest Period") during the term of the Issuance, according to the schedule established in the Supplement and in the Title of this Issuance. In the event that any of the aforementioned dates is not a Business Day, interest will be settled on the immediately following Business Day, calculating in any case the respective interest for the number of calendar days effectively elapsed in the corresponding Interest Period, without that the foregoing be considered a breach. Notwithstanding the foregoing, the Interest Periods will always be computed for periods of 28 days, against the delivery of the certificates that Indeval has issued. See section “Interest Payment Periodicity” of the Supplement.
Place and method of payment of interest or returns and principal	El principal y los intereses devengados respecto de los Certificados Bursátiles se pagarán, por conducto de la Emisora, mediante transferencia electrónica en la Fecha de Vencimiento y en cada Fecha de Pago de Intereses respectivamente, en el domicilio de Indeval, cuyas oficinas se encuentran ubicadas en Avenida Paseo de la Reforma, número 255, tercer piso, colonia Cuauhtémoc, Cuauhtémoc, C.P. 06500, Ciudad de México. Lo anterior con la finalidad de que Indeval distribuya los recursos en las cuentas que sus correspondientes depositantes le instruyan, y estos a su vez, liquiden las cantidades adeudadas a los Tenedores de los Certificados Bursátiles. En su caso, el pago de intereses moratorios se realizará en las oficinas del Representante Común ubicadas en Cordillera de los Andes 265 segundo piso, Colonia Lomas de Chapultepec, Miguel Hidalgo, C.P. 11000, en la misma moneda que la suma del principal. Los pagos podrán efectuarse mediante transferencia electrónica.
Subordination of titles, if applicable	Does not apply
Amortization and early amortization / early maturity, if applicable	The Issuer shall have the right, but not the obligation, to advance the principal payment of the Stock Certificates of this Issuance, partially or totally, on any date, before the Maturity Date, at the Early Amortization Price plus accrued and unpaid interest. on the principal of the Securitization Certificates at the early amortization date. The Early Amortization Price will in no case be less than 100% (one

Serie	Stock Certificates
Characteristics of Debt Securities [Synopsis]	
	hundred percent) of the sum of the unpaid principal of the Securitization Certificates on the early amortization date.
Warranty, if applicable	The Stock Certificates will have the guarantee of Bachoco, S.A. de C.V. in its capacity as guarantee, which is granted solely to guarantee the total obligations including principal, interest and accessories of Stock Certificates, without the Program being understood to be included in said guarantee.
Fiduciario, en su caso	Trustee, if applicable
Securities Rating [Synopsis]	
Fitch México S.A. de C.V. [Miembro]	
Rating	AAA
Significado de la calificación	This rating is assigned to issuers or obligations with the lowest default risk expectation relative to other issuers or obligations in the same country.
HR Ratings de México, S.A. de C.V. [Member]	
Rating	AAA
Significado de la calificación	This rating is assigned to issuers or obligations with the lowest default risk expectation relative to other issuers or obligations in the same country.
Moodys de México S.A. de C.V. [Member]	
Rating	
Significado de la calificación	
Standard and Poors, S.A. de C.V. [Member]	
Rating	
Significado de la calificación	
Verum, Calificadora de Valores, S.A.P.I. de C.V. [Member]	
Rating	
Significado de la calificación	
A.M. Best América Latina, S.A. de C.V. [Member]	
Rating	
Significado de la calificación	
DBRS Ratings México,S.A. de C.V. [Member]	
Rating	
Significado de la calificación	
Otro [Member]	
Rating	
Meaning of the rating	
Name	
Común Representative	CIBanco, S.A., Institución de Banca Múltiple.
Depositary	S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.
Tax Regime	This contains a brief description of certain taxes applicable in Mexico to the acquisition, ownership and disposition of debt instruments such as Stock Certificates by resident and non-resident investors in Mexico

Serie	Stock Certificates
Characteristics of Debt Securities [Synopsis]	
	for tax purposes, but it is not intended to be an exhaustive description of all the considerations tax that may be relevant to the decision to acquire or dispose of the Stock Certificates. The interest paid under the Stock Certificates is subject (i) for individuals and legal entities residing in Mexico for tax purposes, to the provisions of articles 54 and 135 of the current Income Tax Law, and (ii) for natural and legal persons residing abroad for tax purposes, as provided in articles 153 and 166 of the current Income Tax Law and will depend on the characteristics of the effective beneficiary of the interests. The current tax regime may be modified throughout the validity of the Issuance. We recommend that investors independently consult their tax advisors regarding the legal provisions applicable to the acquisition, ownership and disposition of debt instruments such as Stock Certificates before making any investment in them.
Observations	The Company has authorized a Stock Certificate Program for up to an amount of $10,000,000,000 (ten billion pesos 00/100 M.N.) under authorization from the National Banking and Securities Commission number 153/3117/2022, dated August 05, 2022 Under this Program, an issue of $3,000,000,000 (three billion pesos 00/100 M.N.) has been made, under the ticker symbol “BACHOCO 22”. Information Regarding the Stock Certificates Issued by Industrias Bachoco, S.A.B. de C.V. as of December 31, 2022

Policy that the issuer will follow in making decisions regarding changes of control during the term of the issuance:

The terms and conditions that apply in this case are; It will cause early expiration of the Stock Certificates if (a) the current shareholders of BACHOCO, who are also directors on the date of the Prospectus and their immediate family, cease to be holders, directly or indirectly, any of them, of shares representing at least 51% (fifty-one percent) of the shares with voting rights that represent the capital stock of BACHOCO, or (b) said shareholders lose the right or possibility to appoint, directly or indirectly, the majority of the members of the board of directors of BACHOCO; or (c) a Person (the “New Acquirer”) becomes the owner of the shares with voting rights of the issuer that represents, once said acquisition has been carried out, more than 35% of the total shares with voting right of BACHOCO and (A) that, once said acquisition has been carried out, said ownership of shares is greater than the number of voting shares owned by the current shareholders and their affiliates, (B) said New Acquirer has the right under applicable laws to exercise the right to vote with respect to said shares; and (C) such New Acquirer elects more directors than the current shareholders, who are also directors as of the date of the Prospect and his immediate family, as of that date.

Policy that the issuer will follow in making decisions regarding corporate structures:

The Issuer may not merge (or consolidate in any other way), unless (i) the company or entity resulting from the merger expressly assumes the obligations of the Issuer (including its obligations under the Stock Certificates), (ii) does not a Cause for Early Termination occurs or any other event that, over time or through notification, would become a Cause for Early Termination, as a result of said merger or consolidation, and (iii) the Issuer delivers an opinion to the Common Representative certificate and a certificate signed by the Issuer's General Director and Finance Director, both confirming that the operation complies with the provisions of this paragraph 2 and does not affect the terms and conditions of the Securitization Certificates.

Policy that the issuer will follow when making decisions on the sale or constitution of liens on essential assets:

Neither the company, nor the Guarantee, nor its subsidiaries may, sell, or in any other way dispose of their fixed assets, except for the disposal of assets when it is within the ordinary course of business and, as long as the value of said assets does not exceed 20% (twenty percent) of the total consolidated assets of BACHOCO of the immediately preceding year.

Index

[413000-N] General Information

The following abbreviations are used in this annual report for:

Abbreviations:	Meaning:
ADRs	*American Depositary Receipts*
Bachoco / la Compañía	Industrias Bachoco, S.A.B. de C.V. y Subsidiarias
BACHOCO	Clave de cotización en la Bolsa Mexicana de Valores
BACHOCO 17 / BACHOCO 22	Clave de cotización de los CBs en la Bolsa Mexicana de Valores
BMV	Bolsa Mexicana de Valores
CAJA NETA	Efectivo y equivalentes de efectivo más Inversiones a valor razonable a través de resultados más Instrumentos financieros derivados, menos deuda bancaria.
CBs	Certificados Bursátiles
COFECO	Comisión Federal de Competencia
COFECE	Comisión Federal de Competencia Económica
CNBV	Comisión Nacional Bancaria y de Valores
CONAFAB	Consejo Nacional de Fabricantes de Alimentos Balanceados y de la Industria Animal, A.C.
DELOITTE	Galaz, Yamazaki, Ruiz Urquiza, S.C., Miembro de Deloitte Touche Tohmatsu Limited
Dólares	Moneda de curso legal en los Estados Unidos de América
Estados Unidos / EE.UU. / EUA	Los Estados Unidos de América
EBITDA	Significa utilidad antes de intereses, impuestos y depreciaciones.
IBA	Símbolo de cotización en el NYSE
AQF	Albertville Quality Foods
LFCE	Ley Federal de Competencia Económica
NIF	Normas de Información Financiera de México
NIIF	Normas Internacionales de Información Financiera (IFRS por sus siglas en inglés) emitidas por el Consejo de Normas Internacionales de Contabilidad (IASB por sus siglas en inglés)
NYSE	The *New York Stock Exchange*
OK Foods / Bachoco USA	Bachoco, USA, LLC. y Subsidiarias y/o O.K. Industries Inc. y subsidiarias
Pesos / Peso / $	Pesos, moneda de curso legal en México.
PROPAEG	Procuraduría de Protección al Ambiente
RYC	RYC Alimentos S.A. de C.V.
SADER	Secretaría de Agricultura y Desarrollo Rural
SEC	Securities and Exchange Commission
SASA	Sonora Agropecuaria S.A. de C.V.
Abbreviations:	**Meaning:**
SEMARNART	La Secretaría del Medio Ambiente y Recursos Naturales
SENASICA	Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria
TIIE	La tasa de Interés Interbancario de Equilibrio
TLC	Tratado de Libre Comercio de América del Norte
USMCA	Tratado de Libre Comercia de América del Norte, recién negociado y en proceso de ratificación.
UNA	Unión Nacional de Avicultores
USDA	*United States Department of Agriculture*

Executive Summary:

In 2022 we started to see macroeconomic improvements in some areas. In Mexico, where more than 70% of our net sales are generated, according to INEGI, the economy grew 3.1% and the Mexican peso appreciated 4.9% against the dollar at the end of the year. However, the inflation rate was 7.82%, which is above the 7.36% registered in 2021, which was already a high value. Regarding the United States, according to information from the Federal Reserve, the economy grew 0.9% and the inflation rate remained in the range of 5.7% also reported in 2021.

According to estimates from the National Union of Poultry Farmers of Mexico (UNA), in 2022 chicken production in Mexico is expected to have grown around 2.7% while egg production showed a decrease of around 1.5%. Regarding the poultry industry in the United States of America, according to the USDA, the volume of chicken produced grew by 2.9% in 2022, which is above its normalized growth rate. Chicken per capita consumption increased in both markets.

On the other hand, during most of 2022, we observed high prices for corn and soybean meal, both in terms of dollars and in Mexican pesos, compared to the values of 2021. In this sense, we made important efforts to try to compensate this negative impact through operating efficiencies and our sales mix.

Despite the challenges, Bachoco remained firm in its growth strategy. In January 2022 we announced that we concluded the acquisition of 100% of the shares of RYC Alimentos. RYC is a meat multi-protein processor and distributor with national coverage that participates in all distribution channels with fresh and value-added beef, pork and chicken products. This acquisition also allowed us to enter the segment of own stores.

Similarly, in December 2022 we announced that we had reached an agreement to acquire Norson Holding, a vertically integrated producer and exporter of pork, with operations in Sonora, Mexico. As of the date of this report, this transaction is being reviewed by the economic competition authorities in Mexico (COFECE). We hope to complete this process as soon as possible, as we believe it will be in perfect synergy with our SASA and RYC operations.

As a result of the aforementioned, and thanks to the management of our product mix, total net sales grew 21.0% compared to 2021, which allowed us to offset the 20.0% increase in cost of sales. Finally, by 2022, we were able to achieve a double-digit EBITDA margin, 10.3%. Which is within the high range of the last five years.

As a result, the profit for the year attributable to the controlling interest in net income in 2022 was $6,114.2 million, with a margin of 6.18%, which represents a profit per share of $10.20 pesos, compared to $5,065.6 million, a margin of 6.20% and earnings per share of $8.45 achieved in 2021.

Capital investments in 2022 totaled $4,840.80 million, an increase of 39.1% compared to the $3,479.5 million reported in 2021. In 2022, the company continued with the implementation of new projects aimed at organic growth and productivity improvements.

For more financial information on the years 2022, 2021 and 2020, see sections [424000-N] Financial Information and Executive Comments and Analysis.

Risk Factors:

The Company is exposed to a wide range of risks. Note that the order in which the below risks are described does not necessarily reflect the effect that any of the below risks would have on the Company.

Risks Related to Economic, Political and Regulatory Conditions

Bachoco's core businesses are conducted in Mexico and in the United States and, therefore its performance depends on, among other factors, the economic conditions prevailing in those countries, and particularly in Mexico. The Company's risk exposure related to economic conditions includes risks related to economic performance, exchange rates, interest rates, as well as other political, economic and social events that may negatively affect the Company's performance and may result in lower demand for, and lower real pricing of, our products.

Additionally, the Mexican economy continues to be heavily influenced by the U.S. economy, therefore, deterioration in economic conditions in the U.S. economy may affect the Mexican economy. Prolonged periods of weak economic conditions in Mexico may have, and in the past have had, a negative effect on our Company and a material adverse effect on our results and financial condition.

Unfavorable economic conditions in Mexico or the United States, such as a recession or increases in interest and inflation rates, could have an adverse effect on our financial performance.

If the Mexican or U.S. economies experience a high inflation rate, recession or economic slowdown, consumers may not be able to purchase our products as usual, especially in Mexico, where these factors have a direct impact on the consumers. As a consequence, our earnings may be adversely affected.

High interest rates in Mexico or in the U.S. could adversely affect our costs and our earnings due to the impact those changes have on our variable-rate debt instruments. Alternatively, we may benefit from the interest we earn on our cash balance. Mexico historically has had, and may continue to have, high real and nominal interest rates.

A strong variation in the exchange rates between the peso and the U.S. dollar could negatively affect our financial results, as a greater percentage of our net revenue are made in pesos, and a large percentage of our raw material purchases are made in U.S. dollars.

Furthermore, the Company could be adversely affected by negative economic conditions prevalent in the U.S. or other countries (including economic volatility as a result of the COVID-19 pandemic), even when economic conditions in such countries may differ significantly from economic conditions in Mexico, as investors' reactions to developments in any of these other countries may have an adverse effect on our securities. Consequently, the market value of our securities may be adversely affected by events taking place outside of Mexico or the U.S.

Political events and regulatory changes in Mexico could affect Mexican economic conditions and negatively affect our operations.

The Company has operations in both Mexico and the U.S. However, it is incorporated under the laws of Mexico, where a greater percentage of its net revenue are made. Accordingly, we foresee an impact mainly from negative developments in the political, regulatory and economic conditions in Mexico.

The Mexican and U.S. presidential election will be held in 2024. The uncertainty of whom will be elected in each country may result in markets volatility. We cannot provide any assurances that political developments in Mexico or the U.S., over which we have no control, will not have an adverse effect on our business, financial condition or results.

International trade policies may impact demand for our products and our competitive position.

Government policies on international trade and investment, such as sanctions, import quotas, capital controls or tariffs, whether adopted by individual governments, multinational organizations or addressed by regional trade blocs, may affect the demand for our products lines, impact the competitive position of our products or prevent us from being able to sell products in certain countries. The implementation of more protectionist trade policies, such as more detailed inspections, higher tariffs, or new barriers to entry, in countries where we sell products could negatively impact our business, results of operations and financial position. For example, trade disputes between the U.S. and Mexico could negatively affect demand for export products from both countries and directly or indirectly affect the markets in which we compete.

Government regulations in Mexico and the U.S. could cause a material increase in the Company's costs of operations and thus could have a negative impact on our results of operations.

Every region in which Bachoco operates is subject to extensive federal, state and foreign laws and regulations that govern the production, packaging, storage, moving and marketing in the food industry and the poultry industry in particular, including several provisions relating to the discharge of materials into the environment.

We may be subject to fines, closures of our facilities, asset seizures, injunctions or criminal sanctions if we are held by a court of competent jurisdiction to be non-compliant with any of the applicable laws and regulations.

The adoption of new regulations or changes in the prevailing regulatory environment governing the food industry may entail restrictions in the daily operation of our Company, or increases in our expenses or production costs, conditions that could negatively affect our financial results.

Additionally, the imposition of new taxes or changes in the existing tax laws or rates in Mexico or the U.S. could have an adverse impact on our operations and, as a result, negatively affect our financial results.

We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability due to the ongoing military conflict between Russia and Ukraine.

Our business, financial condition and results of operations may be materially adversely affected by any negative impact on the global economy and capital markets resulting from the conflict in Ukraine or any other geopolitical tensions. Global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine. On February 24, 2022, a full-scale military invasion of Ukraine by Russian troops was reported. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, increase in our energy and other input costs, and supply chain interruptions. We are continuing to monitor the situation in Ukraine and globally and assessing its potential impact on our business.

Additionally, Russia's prior annexation of Crimea, recent recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military interventions in Ukraine have led to sanctions and other penalties being levied by the United States, European Union and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People's Republic, and the so-called Luhansk People's Republic, including agreement to remove certain Russian financial institutions from the Society for Worldwide Interbank Financial Telecommunication payment system. Additional potential sanctions and penalties have also been proposed and/or threatened. Russian military actions and the resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets.

Any of the abovementioned factors could affect our business, prospects, financial condition, and operating results. The extent and duration of the military action, sanctions and resulting market disruptions are difficult to predict, but could be substantial. Any such disruptions may also magnify the impact of other risks described in this Annual Report.

Risks Related to Bachoco and the Poultry Industry

The poultry industry in Mexico and the U.S., as well as the chicken industry in other countries, has undergone cyclical periods of higher prices and profitability, followed by overproduction, leading to periods of lower prices and profitability.

The market that we serve is subject to volatility with respect to supply and raw material prices, which affects our product prices. We cannot provide assurance that future cyclicality, excess supply, increases in main raw materials prices or downturns in real prices will not adversely affect our financial results.

The largest single component of our cost of sales is the cost of grains used to prepare balanced feed, including sorghum and corn, and some other ingredients such as: soybean meal and marigold extract, among others.

Bachoco's business operations could be disrupted by COVID-19 or other pandemic disease and health events.

Pandemic disease and health events, such as the outbreak of the novel strain of coronavirus infection (COVID-19) have and may continue to negatively impact economic activities in many countries, including Mexico, with consequent adverse effects on our customers and business.

Since the outbreak began, countries have responded by taking various measures including imposing quarantines and medical screenings, restricting travel, limiting public gatherings and suspending certain activities. These actions have and may continue to negatively impact sales operations with some or our customers.

In addition, concerns related to COVID-19 have negatively impacted global financial markets, resulting in, among others, exchange rate volatility (including the Mexican peso to U.S. dollar exchange rate) and the fall of stock prices (including the price of our stock), trends which may continue. There are other broad and continuing concerns related to the potential effects of COVID-19 on international trade (including shipping and transportation channels, supply chains and export levels), travel, employee health and productivity, securities markets, and other economic activities that may have a destabilizing effect on financial markets and economic activity. There have been and may continue to be changes in domestic and international governmental policies in response to the COVID-19 pandemic that could negatively affect our daily operations and our ability to supply our products.

Since 2021, we had analyzed the financial impact derived from the effects of COVID 19 on us. Because the products that we produce and the markets that we serve are considered essential, there were no significant adverse effects on our financial position and consolidated financial performance. As of the date of this annual report, we do not believe that we should substantially modify our budgets and/or financial projections or recognize significant losses in the valuation of our monetary and non-monetary assets. However, there is no guarantee that the COVID-19 pandemic will not have an adverse effect on our financial position, results of operations or cash flows if significant disruptions to the national and global economy continue into future periods. In addition, in the case of a shutdown involving Bachoco, any of our subsidiaries or our customers, we may be unable to meet the needs of our customers for an unknown period of time, which could adversely affect our business, financial condition and results of operations.

At this point, we cannot forecast the duration of the effects of COVID-19 on our business. Our future business results will be affected by the extent and duration of these conditions and the effectiveness of responsive actions that we and others take, including, the impact of vaccination programs, coverage and immunity achieved, the severity and duration of the outbreak, and the actions by national and international government authorities to contain the pandemic and minimize its impact, among other things.

Increase or volatility in main raw materials prices may adversely affect our operating and financial results.

The price of most of these raw materials is subject to significant volatility resulting from weather conditions, the size of harvests, governmental agricultural policies, currency exchange rates, transportation, storage costs, and other factors.

Furthermore, the cost of corn in the U.S. may be affected by an increase in the demand both of ethanol and feed production, which can reduce the supply of corn in the U.S. market, adversely affecting our operations in the U.S.

High prices or volatility in main raw materials could adversely affect our production costs and, therefore, our financial results.

Supply, demand and the prices we are able to charge for our products may fluctuate due to competition from other food producers and the economic performance in the countries we are present may adversely affect our operating and financial results.

Excess in chicken or egg supply caused by increases in production from our competitors, coupled with a weak demand for our products in the markets we operate in, may result in a downturn in prices for these products and, as a result, our operating margins and financial results could be negatively affected.

We face competition from other chicken producers in all markets in which we sell our products. These chicken producers have the financial resources and operating strengths to directly compete with our Company. We expect to continue to face strong competition in every market, as our existing or new competitors are likely to broaden their product lines and extend their geographic markets. Accordingly, we can provide no assurance that our performance will not be adversely affected by increased competition.

Raising animals and meat processing involve animal health and disease control risks, which can have an adverse impact on our results of operations.

Our operations in Mexico and in the U.S. depend on raising animals and meat processing, which are subject to risks such as diseases (like different types of avian flu) and contamination during production, packaging, storage or distribution processes. Such diseases may cause bans from countries we export to. Any such ban could affect export prices, and therefore our financial results.

Live chickens and swine are susceptible to infections by a variety of microbiological agents that may result in higher mortality rates, which could affect our earnings and financial results.

Our chicken, turkey, beef, pork and egg products are subject to contamination during processing, packaging, distribution or conservation. Potential contamination of our products during processing, however, could affect a larger number of our products, which may have a significant impact on our results.

Natural disasters or other events beyond our control, such as hurricanes, tornadoes or earthquakes could have an adverse impact on our results of operations.

Natural disasters may result in additional losses of inventory and could significantly damage our facilities. Our facilities in Mexico are susceptible mainly to earthquakes and hurricanes. Our facilities near Mexico's coast are most vulnerable to the risk of severe weather. Our U.S. facilities are located in Georgia, Alabama, Arkansas and Oklahoma, a region vulnerable to tornadoes. Extensive damage to these facilities could affect our ability to conduct our regular production and, as a result, reduce our operation results.

Cyber Risks

In recent years, the risks of cyber attacks have increased globally. Bachoco could be the target of cyber attacks or computer security breaches. A failure of or attack on information technology systems could adversely affect your business and result in the disclosure or improper use of confidential or personal information (own or from third parties), causing interruptions in services or other operational difficulties, as well as increases in costs, which would have a negative impact on the Company's financial results.

Bachoco could make acquisitions, which could have an adverse impact on Bachoco's business and financial condition.

We have made acquisitions in the past and may make acquisitions in the future as part of our growth plan. Acquisitions involve risks, including, but not limited to, the following: the failure of acquired companies to achieve expected results; inability to retain or recruit key personnel from acquired businesses; inability to maintain the same customer and supplier base; and inability to achieve expected synergies and/or economies of scale. If we are unable to successfully integrate or manage our acquired businesses, we may be able to anticipate anticipated cost savings and revenue growth, which may result in reduced profitability or losses.

Our growth through mergers, acquisitions or joint ventures may be affected by challenges in integrating major acquisitions.

We have made in the past, and may make in the future, certain acquisitions to continue the growth of the Company. Acquisitions involve risks including, but not limited to, the following: inability of the acquired businesses to achieve expected results, inability to retain or recruit key personnel from the acquired businesses, inability to retain the same customer and supplier base, and inability to achieve the expected synergies and/or economies of scale. If we are unable to successfully integrate or manage our acquired businesses, we may not achieve anticipated cost savings and revenue growth, which may result in reduced profitability or losses.

The elimination of rates on the importation of poultry products from the United States could affect the situation of Bachoco.

US producers could increase exports to Mexico since chicken, eggs and pork are free of import duties to Mexico under the USMCA. Poultry producers in the United States have developed low-cost production methods and have been successful in exporting frozen and value-added poultry to other countries, especially in periods of excess capacity in the United States, a condition that could have an adverse performance effect in Mexico.

Changes in health and environmental regulations could negatively impact Bachoco's business.

Our processes are subject to various animal health and environmental regulations including animal husbandry, transportation, packaging, storage and distribution regulations. Drastic changes to any of these regulations could adversely affect our daily operations and ability to supply our products and, as a consequence, affect our financial results. Changes in regulations may also require the implementation of new processes or equipment to comply with new regulations, a condition that may negatively affect our liquidity, as our capital investments could increase.

Bachoco's inability to maintain its relations with unions could have an adverse effect on its financial situation

As of the date of this report, we have not seen material effects or changes to our contractual agreements and labor obligations due to COVID-19 as we have been able to maintain the operational continuity of our business. Historically, Bachoco has maintained good relations with the unions and its personnel in general, and even when it believes that they will continue to be good, labor disputes could arise. Such disputes could result in strikes or other labor disputes that could increase operating costs, which could damage customer relationships and adversely affect business and operating results.

Risks Related to Investors of the Company.

The Robinson Bours Family, together with affiliates and related parties, currently hold, directly or indirectly, more than 97% of our total outstanding shares and their interests may differ from those of other security holders. With that percentage, they have the power to elect a majority of the members of our board of directors and have the power to determine the outcome of certain other actions that require our shareholder approval, including whether or not dividends should be paid and the amount of such dividends.

The Company has traded its ADRs on the New York Stock Exchange ("NYSE"), each ADR representing twelve common shares.

As of the date of this report, Bachoco is taking action to end the listing of its ADRs on the NYSE and to terminate its reporting obligations under the United States Securities Exchange Act of 1934. Act of 1934, as amended), the “United States Securities Act”. It is not expected that the delisting on the NYSE, nor the termination of the registration under the Securities Market Law of the United States, will affect the continuity of the listing of the shares representing the capital stock of Bachoco on the Mexican Stock Exchange, S.A.B. de C.V. and/or the registration of said actions before the National Banking and Securities Commission.

In general, the market value of our securities may be affected by market and economic conditions prevailing in any other country, although economic conditions in such countries may differ materially from economic conditions in Mexico. Investor reactions to developments in any of these other countries may be adversely perceived and, accordingly, the market value of our securities may be adversely affected by events elsewhere.

In addition, global events, including the recent Russian invasion of Ukraine, the medium-term relationship between the United States and China, uncertainty about governmental instability in Europe, and other local geopolitical risks, have recently generated uncertainty in global capital markets. , and the US and European stock markets have seen increased price volatility. We cannot predict how these developments will evolve and whether or to what extent they may affect the Mexican capital markets and, consequently, us. The materialization of these or other political risks, local and international, may affect local and international markets, global growth and decrease investor interest in Mexican assets, which may materially and negatively affect the market price of our shares. and/or our business.

Other Values:

The Company has been listed on the BMV and on the NYSE since 1997. Bachoco has been listed on the NYSE through ADRs, one ADR equals 12 Shares of the Company.

According to the stock market regulations to which we are subject as a public company, it is the Company's obligation to deliver quarterly and annual information in a timely manner and simultaneously, as well as relevant events when they occur to the various stock market authorities.

In the last five years, the Company has delivered in a complete and timely manner the reports on relevant events, as well as the legal and financial information that it is obliged to present periodically in accordance with the rules and regulations issued by the organizations before mentioned.

On August 29, 2012, we issued bonds for $1,500 million through a public issuance of local bonds (“Certificados Bursátiles” or “CBs”) in the local debt capital markets for a tenor of 5 years, maturing in 2017.

On August 2017, we issued a second series of bonds for $1,500 million through the same program in the local debt capital markets for a tenor of 5 years, maturing in 2022, the local bonds (“Certificados Bursátiles” or “CBs) use the TIIE as a reference, with a term of 28 days and give the investor a yield of TIIE + 0.31%. The principal of the CBs will be amortized at its nominal value, in a single payment, on the maturity date. These Certificates matured in 2022

On August 5, 2022, the Company issued a third issuance of bonds, for an amount of $3,000 million, which were placed in the local debt market, with a term of 3 years maturing in 2025, the local bonds (“Certificados Bursátiles” or “CBs) use as a reference the TIIE, for a term of 28 days and grant the investor a return of TIIE + 0.07%.

The issuance of these bonds count with the rating; “AAA (MEX)” the highest rating assigned by Fitch México, S.A. de C.V.; and "HR AAA" which means that the Issuer or Issuance has the highest credit quality and was granted by HR Ratings de México, S.A. de C.V.

Significant changes to the rights of securities registered in the registry:

There has not been for the years presented in this Annual Report.

Destination of the funds, if applicable:

Not applies

Public Documentation:

If you require a copy of this document, or any other public information from Industrias Bachoco, you must request it directly from the Investor Relations area, by contacting the Investor Relations area on the phone: (461) 6183555, or through email at the following address: inversionistas@bachoco.net;

Additional information about the Company is available on its website; https://bachoco.com/inversionistas/ or at the corporate offices located at Avenida Tecnológico 401, Colonia Industrial, Postal Code 38010, in Celaya, Guanajuato, Mexico.

[417000-N] The Stock issuer

History and development of the stock issuer:

The Company was legally formed in Mexico as Industrias Bachoco, S.A.B. de C.V., on April 17, 1980, in Obregon, State of Sonora, Mexico, and is frequently referred to as Bachoco.

We are incorporated under the laws of Mexico, but we have operations in both Mexico and the U.S. Our principal executive offices are located in Mexico at Avenida Tecnologico 401, Ciudad Industrial, zip code 38010, Celaya, State of Guanajuato, Mexico, and our telephone number is +52 (461) 618 3500.

Our investor relations department is located at the address above and can be reached by email at inversionistas@bachoco.net or by telephone at +52 (461) 618 3555.

The SEC maintains an Internet website that contains reports and other information regarding issuers that file electronically with the SEC. This annual report and the exhibits thereto and any other document we file pursuant to the Securities Exchange Act E of 1934, as amended (the “Exchange Act”) may be viewed on the SEC Internet site (http://www.sec.gov) and on our website (https://corporativo.bachoco.com.mx/). However, the content of our website is not incorporated by reference into this annual report.

Our operating segments, which are comprised of our product lines, are identified on the basis of our core principles in accordance with IFRS 8.10. Accordingly, our operating segments are comprised of the following five components: chicken, eggs, pork, balanced feed and other meat products. The chicken and eggs segments meet, in an aggregate basis, the quantitative thresholds for separate reporting, while the pork, balanced feed and other meat products lines are immaterial, both on an individual and aggregate basis, and have therefore been reported on a combined basis in the “other operating segments” category. We have aggregated the chicken and eggs operating segments into one reportable segment. As a result, we end up with two reportable operating segments, “Poultry” and “Others”.

Important events in the development of the Company’s business

We were founded in 1952 and have grown from a small commercial table egg operation in the state of Sonora into a vertically integrated Company and the leading poultry company in Mexico, as well as, in our opinion, one of the most important poultry companies worldwide.

In 1963, we started operations in the cities of Navojoa, Los Mochis and Culiacan, producing just table eggs. In 1971, we commenced the production of chicken in an operating facility that we opened in the city of Culiacan.

In 1974, we established a new complex in Celaya, Guanajuato, Mexico and in 1980 we legally incorporated as Industrias Bachoco, S.A.B. de C.V. in Obregon, State of Sonora, Mexico. As our products were increasingly widely accepted, we opened offices and distribution centers in Mexico City. In 1993, we moved our headquarters from Obregon to Celaya, and opened a new complex in the city of Tecamachalco, in the Southeast of Mexico.

In 1994, we continued expanding our coverage, this time with a new complex in the city of Lagos de Moreno, in Western Mexico. By 1994, we had four productive complexes strategically located throughout Mexico and an important presence in the Mexican poultry market share.

In September 1997, we began trading on the Mexican Stock Exchange (or “BMV”) and on the NYSE, through our ADR Level III Facility.

Furthermore, in December 1999, we acquired Campi. With this acquisition we entered the chicken market in the South of Mexico, starting a new business line selling balanced feed to third parties. In 2001, we established our sixth productive complex in the city of Gomez Palacio, located in the Northeast of Mexico.

In December 2006, we acquired most of the assets and inventories of Del Mezquital to start a new complex in the city of Hermosillo, located in Northern Mexico, close to the border with the United States.

In 2007, through a business agreement with Grupo Libra and Grupo Agra we entered a new business, the sales of turkey and beef value-added products, and increased our production capacity of table eggs. Both companies are located in the Northeast of Mexico.

In 2009, we made diverse business agreements with companies located at the Northeast of Mexico. Specifically, to improve capacity and efficiency in our Northeast production complex headquartered in Monterrey, we: (i) acquired the assets of a balanced feed mill and a soybean processing plant from Productora de Alimentos Pecuarios de Nuevo León; (ii) acquired the assets of a chicken processing plant from Avi Carnes Monterrey; (iii) entered into agreements to rent breeder farms and egg incubation plants from Reproductoras Asociadas, and one-day-old breeder capacity farms and egg incubation plants from Producción Avicola Especializada; and (iv) made arrangements with contract growers to acquire their inventories.

In August 20, 2011, we acquired Trosi de Carnes, S.A. de C.V. (or "Trosi"); this facility is located in Monterrey, Northern Mexico. Trosi produces and sells processed beef and chicken.

On November 1, 2011, the Company entered the U.S. market and increased its export business with the acquisition of the American poultry company OK Foods. This company has operations across the River Valley area in Arkansas and Oklahoma. It supplies grocery retailers, food service distributors and commodity customers throughout the U.S., as well as foreign markets. Our U.S. subsidiary, Bachoco USA, is the holding company of OK Foods.

In December 2011, the Company carried out a transaction to buy certain property assets of Mercantil Agropecuaria Coromuel, S.A. de C.V. (or "MACSA"), whereby the Company reinforced its presence in the State of Baja California in Mexico with three distribution centers.

In July 2013, the Company reached an agreement to acquire the Arkansas breeding assets of Morris Hatchery Inc., a U.S. company. These assets are comprised mainly of equipment and bird inventory (laying hens that produce hatching eggs).

In July 2015, the Company reached an agreement to acquire the Georgia breeding assets of Morris Hatchery Inc. These assets are comprised of mainly equipment and bird inventory (laying hens that produce hatching eggs), with a capacity of approximately one million laying hens. See Notes 4 and 12 of our Audited Consolidated Financial Statements for more detail.

In December 2015, the Company reached an agreement to acquire the Oklahoma City Fully Cooked facility from American Foods Group, a U.S. Company. This acquisition is comprised of all of American Foods Group's Chicken assets located in Oklahoma City, with a capacity to produce over 700,000 pounds per week of fully cooked chicken products. The Company closed the transaction in February 2016 through its subsidiary, OK Foods.

In 2017, the Company made two acquisitions: (a) Proveedora La Perla S.A. de C.V. (hereinafter "La Perla"), a pet food plant located in central Mexico. This acquisition includes all of La Perla's assets owned in the State of Queretaro, Mexico. These assets have the capacity to produce over 65,000 tons a year of dry pet food and are comprised of a facility for producing pet food treats; and (b) Albertville Quality Foods Inc. (hereafter "AQF"), a U.S. company located in the State of Alabama that produces and sells value-added further processed products. This acquisition is comprised of two value-added, further processing plants. We merged AQF with OK Foods, Inc. at the end of 2017 and, thus, it is not operating as a separate subsidiary.

On June 26, 2020, the Company acquired 54.8% of the voting stock of Sonora Agropecuaria, S.A. de C.V. ("SASA"), a swine processing and distributor company with operations in the Mexican States of Sonora and Jalisco. This investment is expected to benefit the "Other" segment as is expected to allow the Company to accelerate the pace of growth and continue advancing in the process of diversifying other animal proteins.

In December 2020, the Company announced that it reached an agreement to invest in the company RYC Alimentos ("RYC"), a multiprotein processor and distributor with productive operations in Puebla, Mexico. Founded in 1983, RYC is a meat processor and distributor mainly of beef, pork, and chicken with national coverage that participates in all the distribution channels with fresh and value-added products.

On January 24, 2022, the Company acquired 100% of the shares of RYC Alimentos "RYC", a company dedicated to multiprotein processing and marketing with production centers in the state of Puebla, Mexico at a purchase price of $1,251.5 million. The agreement contemplates the acquisition of 2 plants located in Puebla, Puebla, as well as approximately 21 stores located across four United Mexican States (Puebla, Oaxaca, Veracruz and Tlaxcala).

On December 2, 2022, the Company announced that it reached an agreement to acquired 100% of the shares of Norson Holding S. of R.L. of C.V, a vertically integrated pork producer and exporter, located in Sonora, Mexico. As of the date of this report, this agreement is being reviewed by Mexican antitrust authorities (COFECE). Once authorized, more details of the transaction will be disclosed.

Oferta Pública de Adquisición

On March 25, 2022, a vehicle (the "Offeror") in which current Bachoco shareholders of the Robinson Bours family participate, communicated to Bachoco's Board of Directors its intention to initiate the process to launch a voluntary tender offer for up to all of the outstanding shares of Bachoco, including shares represented by ADRs, which are not owned directly or indirectly by such shareholders or their affiliates, representing approximately 27% of the outstanding capital of Bachoco. The tender offer is expected to take place concurrently in Mexico and the United States at a purchase price of $81.66 Mexican pesos per share. This price constitutes a premium of 20% relative to the average price of Bachoco shares over the last 30 trading days as of the date of the announcement on the Bolsa Mexicana de Valores, S.A.B. de C.V. ("Bolsa Mexicana de Valores").

On November 16, 2022, Industrias Bachoco S.A.B. de C.V. announced that, after the completion of the acceptance and settlement processes of the tender offer initiated by a vehicle in which current shareholders of Bachoco participated, as offeror (the "Offeror"), for up to all of the outstanding Series "B" shares of Bachoco, including shares represented by American Depositary Receipts (ADRs), owned by the public and not owned directly or indirectly by the Offeror or its affiliates, corresponding to approximately 27% of Bachoco's outstanding capital stock as of the date of the offer, 86,589,532 shares representing Bachoco's capital stock participated in the U.S. offer and the Mexico offer, and were effectively accepted by the Offeror. As a result of the foregoing, the Offeror, including affiliates and related parties, would directly or indirectly own 87.7% of Bachoco's capital stock.

Recent events

On March 17, 2023, Industrias Bachoco S.A.B. de C.V. announced that it was informed by Edificio del Noroeste, S.A. de C.V., a vehicle in which current shareholders of the Robinson Bours Family participate, that said vehicle acquired, on the Bolsa Mexicana de Valores, S.A.B. de C.V., S.A.B. de C.V., through transactions individually executed with Grupo Bursátil Mexicano, S.A. de C.V., Casa de Bolsa, in its capacity as intermediary, shares that, in the aggregate, represent 1.2% of Bachoco's capital stock.

On March 28, 2023. Industrias Bachoco, S.A.B. de C.V. announced that its Board of Directors, considering, among other things: the results of the tender offer concluded on November 2022, by Edificio del Noroeste, S.A. de C.V., a vehicle controlled by the Robinson Bours Family, which together with its affiliates and related parties in the aggregate, at this date hold more than 97% of the outstanding shares issued by Bachoco; the low trading volume in the United States of America; the relatively low participation in the American Depositary Receipts ("ADRs") program and the benefits of maintaining the ADRs program against the costs related thereto, resolved, consistent with the processes initiated more than a year ago, to initiate the processes to delist its ADRs from the New York Stock Exchange ("NYSE") and terminate its ADRs program. In addition, it is anticipated that in the near future, Bachoco will take such actions as necessary to deregister and terminate its obligations to prepare and file reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Neither the delisting from the NYSE nor the termination of its registration under the Exchange Act is expected to affect the continued listing of Bachoco's shares on the Bolsa Mexicana de Valores, S.A.B. de C.V. and/or the registration of such shares with the Mexican Securities Commission (Comisión Nacional Bancaria y de Valores).

The aforementioned processes have been initiated by Bachoco. Having filed Form 25 on April 13, 2023 with the Securities and Exchange Commission of the United States of America (U.S. Securities and Exchange Commission or "SEC").

On April 24, 2023, Bachoco filed Form 15F with the United States Securities and Exchange Commission ("SEC"), with the effect of immediately suspending its reporting obligations under the Securities and Exchange Act. US values.

Purchases of property, plant and equipment

We finance most of our capital expenditures with resources generated by our operations.

The following is a summary of the capital expenditures incurred by the Company during the periods covered by this Annual Report with the amounts having been computed under IFRS.

In 2022, we made purchases of property, plant and equipment of $4,666.2 which were mainly allocated towards organic growth productivity projects and the integration of RYC alimentos.

In 2021, we made purchases of property, plant and equipment of $3,479.5, which were mainly allocated towards organic growth and productivity projects.

In 2020, we made purchases of property, plant and equipment of $2,752.3, which were mainly allocated towards productivity projects, the replacement of part or our transportation fleet and other equipment across our facilities, as well as our organic growth plans.

At present, as part of its regular course of business, the Company continues with its replacement of equipment and productivity projects.

Business Overview:

The corporate offices of Industrias Bachoco are located at Avenida Tecnológico 401, Zona Industrial, Postal Code 38010, in Celaya, State of Guanajuato, Mexico. With telephone number (461) 618 3500.

Bachoco owns and manages more than a thousand facilities, organized in nine production complexes and more than 100 distribution centers in Mexico, and one production complex in the United States.

We participate in the food industry in Mexico and in the U.S., mainly in the poultry industry.

We are the leader in the Mexican poultry industry, and, according to WATTPoultry, one of the largest poultry producers globally. In 2011, we entered the U.S. chicken market through our acquisition of OK Foods.

In Mexico, our core business is poultry (chicken and egg products), but we also produce and sell a wide range of other products, which we refer to as “others,” including, among others, balanced feed, pet food, pork, beef and value-added products, one day old breeders and chicks, as well as a laboratory that produces vaccines for the poultry industry and other similar industries.

Net revenue generated by these other product lines, except for balanced and pork net revenue, each on an individual basis, do not represent more than 1.0% of our net revenues.

In the United States, we produce and distribute only chicken products.

Principle activity:

We operate mainly in Mexico and the U.S. We estimate that we are the biggest producer of chicken products in Mexico. Based on our internal estimates, we currently account for approximately 34.0% of the Mexican chicken production market and are the second largest producer of eggs with an estimated market share of approximately 5.0%. We currently estimate that we have approximately 3.1% market share in balanced feed products.

As noted previously, in the U.S. we produce and distribute only chicken products. Based on our internal estimates, we currently account for approximately 1.7% of the chicken production market in the U.S.

The following table sets forth, for each of the periods indicated, our net revenues by main product lines as a percentage of total net revenues, as of December 31, 2022, 2021 and 2020:

NET REVENUES BY OPERATING SEGMENT
In millions of pesos, for the year ended December 31,

	2022		2021		2020	
	$	**%/net revenues**	**$**	**%/net revenues**	**$**	**%/net revenues**
Net Revenues	**98,890.7**	**100**	**81,699.1**	**100**	**68,792.0**	**100**
Avicultura	84,373.5	85.3	71,647.7	87.7	61,323.9	89.1
Otros	14,517.2	14.7	10,051.3	12.3	7,468.1	10.9

Our poultry operating segment is our largest product line in terms of revenue. Within our poultry operating segment, our main product lines are chicken and table eggs, which are described in more detail in the following paragraphs. Our “Others” segment corresponds to operations of pork, beef, balanced feed for animal consumption and other by-products that do not meet the quantitative thresholds to be considered as reportable segments.

Main Raw Materials and Sources of Supply

As a vertically integrated company, our processes start in our main product lines with production of balanced feed, as well as with the buying of grandparent breeder flocks.

Our production of chicken processes starts with the purchasing of one-day birds called “grandparent” birds. These birds are raised to maturity in our farms where fertile eggs are produced to continue through our production processes. Grandparent birds are bought mainly in the U.S. and also in some other countries from genetic bird firms.

The largest single component of our cost of sales is the cost of balanced feed raw materials, mainly grain (corn and sorghum), as well as soybean meal, used to prepare balanced feed. We operate our own feed mills to produce balanced feed for both our individual business consumption as well as to sell to third parties.

The prices of these ingredients are subject to significant volatility resulting from weather, the size of harvests, transportation and storage costs, governmental agricultural policies, currency exchange rates and other factors. The Company engages in hedging of its feed costs in order to assure a more stable cost of grains.

In Mexico, domestic crops are limited, therefore a large percentage of our raw materials are imported from the U.S. In 2022, in terms of volume, we bought approximately 16.9% of our total grain from the domestic market and the remaining 83.1% from the U.S.

Distribution Channels:

Marketing and Distribution of Chicken Products in Mexico

We have developed an extensive distribution system to participate in all the existing distribution channels mainly of chicken and egg products. We consider our distribution system one of the Company’s strengths, where we have developed extensive expertise and knowledge of the business.

We participate and operate in all the following marketing channels:

- Live Chicken. Unlike most other countries, Mexico has a large marketing channel of live chicken, which mainly operates in the central and southern regions of Mexico.

- Wholesalers. Large percentages of our chicken net revenue operate via wholesalers. The main products marketed in this channel are live and public market chicken, as well as rotisserie. We do not have exclusive supply agreements with our customers.

- Institutional. We sell a large amount of product to institutional customers. We mainly sell chicken cuts and rotisserie chicken in the institutional channel. Success in supplying the institutional channel depends on consistency and good service, and only larger producers with more modern processing facilities and distribution capacity can compete in this market.

- Supermarket. We sell cuts and value-added products as well as supermarket chicken types through supermarket channels or convenience stores. In this channel we emphasize our brand image as well as our superior service, reinforced by frequent delivery to ensure freshness, to build consumer’s loyalty.

- Retail. A wide range of products are sold under this marketing channel that goes from the live chicken to value-added or public market and supermarket chicken type. The Company supplies several points of sale that directly sell these products to the customers.

We use our own fleet to transport the majority of rotisserie chickens, supermarket broilers and other chicken products to our customers in Mexico. We try to cooperate with existing distribution channels and do not compete with wholesale distributors, except in areas where we supply our own distribution capacity where needed for market penetration.

We distribute products from our processing plants to our cold-storage facilities and warehouses, which serve as a midpoint in distribution to wholesalers and local customers. From our cold-storage facilities, we service wholesalers and retailers and transport certain products directly to supermarkets and food-service operations. Our distribution infrastructure includes more than 70 cold-storage warehouses and facilities and a large fleet of vehicles.

Marketing and Distribution of Chicken Products in the U.S.

Our U.S. operations, which lie across the River Valley area in Arkansas and Oklahoma, Alabama and Georgia, produce mainly chicken products. Those plants mainly supply grocery retailers, food service distributors, national accounts and commodity customers throughout the U.S. The U.S. complex also services the foreign market and exports to several countries including various Asian countries and Mexico. Our distribution line through our plants is handled mainly through third parties.

Marketing and Distribution of Eggs Products in Mexico

Eggs are mostly sold packaged with brand identification. We sell white and brown eggs. Our branded carton of brown eggs is a premium product in the Mexican market because consumers perceive them to be of higher quality.

Our marketing strategy in the egg business is to gradually move from bulk to packaged white eggs. Packaged eggs are less vulnerable to price fluctuation and create brand loyalty.

We have designed our egg distribution system to transport eggs from our laying farms to customers in all sales regions.

• Wholesalers. We sell eggs in bulk; these wholesalers operate mainly in central Mexico. This product is sold to consumers mainly by kilogram and not by unit.

• Institutional. We sell eggs in bulk in this institutional marketing channel.

• Supermarket. We sell eggs packaged with brand identification and a large number of presentation patterns in packages of 12, 18 or more eggs.

• Retail. We distribute eggs directly to customers in packages with brand identification.

Marketing and Distribution of Balanced Feed in Mexico

Our production of balanced feed to third parties accounts for a wide range of products. We produce balanced feed products mainly in the poultry industry, but we also produce in other markets such as pet food, cattle, swine, among other species.

We sell balanced feed products mainly to small livestock producers and through a network of small distributors located mainly in central and southern Mexico. Currently, we have six feed plants dedicated to producing balanced feed to third parties.

Patents, Licenses and Other Contracts

At the end of 2022, we owned a total of 938 industrial and intellectual intangible assets as described below:

a) 772 registered brands; from them, 557 are brands registered in Mexico, 112 are brands registered outside of Mexico, and 103 are commercial media communications brands.

b) 11 patents in Mexico.

c) 155 copyrights, from them 52 are software copyrights and 103 billboards copyrights.

The Company’s operations are not dependent on the existence of patents or licenses or contracts signed with customers or suppliers.

We own the rights to a wide range of brands that we use to market our products. Most of these rights are renewed every ten years.

Main clients

The Company has a wide catalog of clients. However, none of them individually represents more than 10.0% of the Company's total net income. As of the date of this Annual Report, there is no dependency on any client whose loss adversely and materially affects our results.

Applicable legislation and tax situation:

Every region where Bachoco operates is subject to extensive federal, state and foreign laws and regulations, which can have a material effect on the Company. Such laws and regulations include, among others, the following:

Import and Export Regulations

Effective January 1, 2008, there is a free chicken market between Mexico and the U.S. This allows U.S. producers to export any amount of chicken (mainly leg quarters) free of tariffs to Mexico.

The U.S. chicken exports to Mexico have substantially increased since applicable restrictions on such imports have recently phased out. However, this development does impact the Mexican market for chicken because neither we, nor any other Mexican chicken producer, are yet able to export similar products to the U.S. Our production complex in the U.S. exports chicken products to several countries such as Mexico Puerto Rico, Guatemala and Bahamas, among others, and therefore it is subject to various laws and regulations that apply in each of these countries.

Antitrust Regulations

In Mexico, the Ley Federal de Competencia Económica (“Mexican Economic Competition Law” or “LFCE”), regulates monopolies and monopolistic practices.

Under this law, Mexican producers, including Bachoco are required to notify the Comisión Federal de Competencia Económica (“Competition Federal Commission” or “COFECE”) of all proposed transactions exceeding specified threshold amounts as set forth in the Mexican Economic Competition Law. The COFECE can impose conditions on, and prevent or unwind, any such transactions by Mexican companies. We have complied with all requirements under this law.

Anti-dumping Regulations

Since 2003, chicken (excluding leg quarters for which the Mexican government had imposed certain temporary restrictions), eggs and swine import quotas were eliminated by virtue of NAFTA and its successor, the USMCA. Poultry producers in the United States have developed extremely low-cost production methods and have been successful in exporting primarily frozen and value-added poultry to other countries, including Mexico, especially in periods of overcapacity in the United States.

On January 1, 2008, the restrictions previously imposed for leg quarters were phased out. As a result, there are no restrictions on exporting these products to Mexico at this time.

In February 2011, the Secretaría de Economía (or “Mexican Ministry of Economy”) initiated an antidumping investigation focusing exclusively on imports of leg quarters to Mexico from the U.S. This investigation was requested by Bachoco and two other Mexican poultry companies.

As a result of this investigation, in January 2012, the Ministry of Economy issued a preliminary ruling on anti-dumping procedures and confirmed dumping conditions on chicken leg quarters imported from the U.S., including margins ranging from 62.90% to 129.77%, stating that such practices damaged the Mexican poultry industry.

The Mexican Ministry of Economy had the authority to impose anti-dumping duties but did not proceed as the interested parties expressed the desire to reach an agreement. The companies involved provided new arguments.

Consequently, on August 7, 2012, after examining all final arguments, the authorities confirmed the existence of dumping conditions that caused harm to the domestic poultry industry. The Mexican Ministry of Economy imposed anti-dumping duties on imports of chicken leg quarters from the U.S., but stated that such penalties would not be applied immediately, as the poultry industry was being affected by the presence of avian flu type H7N3 in the State of Jalisco. It is worth noting that the Company´s facilities were not affected by this outbreak of influenza.

As of the date of this Annual Report, we do not have any further information from the Mexican Ministry of Economy regarding the application of such duties to the chicken industry. We do not believe we will be subject to any anti-dumping fines and thus have not recorded any provisions in our consolidated financial information.

Environmental and Sanitary Regulation

The chicken industry is subject to government regulation in the health and environmental safety areas, including provisions relating to water, air pollution and noise control. Below is a description of the principal laws and administrative authorities in these areas in Mexico and the U.S.:

• Mexico. The Servicio Nacional de Sanidad Inocuidad y Calidad Alimentaria (Mexican Sanitary Authority or “SENASICA”), the Ley General de Equilibrio Ecológico y Protección Ambiental (General Law of Ecological Balance and Environmental Protection) and the Secretaría del Medio Ambiente y Recursos Naturales (Ministry of Environment and Natural Resources or “SEMARNAT”).

• The United States. The USDA, the Centers for Disease Control, the Environmental Protection Agency (or “EPA”), the U.S. Department of Homeland Security (or “DHS”) and the U.S. Department of Labor (or “DOL”).

All of these laws or regulations can bring administrative and criminal proceedings against companies that violate environmental and safety laws and regulations, and after certain administrative procedures, such violations can result in the closure of non-complying facilities.

The Company provides information to these authorities on a regular basis or whenever required to assure the Company’s compliance thereof. Our Mexican and U.S. subsidiaries are also in compliance with all current regulations and are constantly monitored to ensure compliance in case of any changes in the regulatory environment.

Income Tax Year

The Company and each of its subsidiaries file separate income tax returns. Through December 31, 2013, BSACV, the Company’s main subsidiary, was subject to the simplified regime, with a tax rate of 21%. Beginning in January 1, 2014, BSACV is now subject to a new regime for agriculture, livestock, forestry and fisheries, which applies to companies exclusively dedicated to these activities, and in our case it applies a 30% tax rate.

Our subsidiary Bachoco, US LLC, is located in the U.S. and it has the same fiscal period as the rest of the subsidiaries located in Mexico.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted in the United States. The most significant provisions of the CARES Act that will materially affect the Company's accounting for income taxes include a five-year carryback allowance for taxable net operating losses generated in tax year 2018 through 2020 and a technical correction to the Tax Cuts and Jobs Act, enacted on December 22, 2017, that disallowed the carrying back of taxable net operating losses to offset prior years' taxable income. The deadline to request this refund is October 2022, and it is expected that the Company will request it before such date.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation, which revises the ongoing U.S. corporate income tax law by lowering the U.S. federal corporate income tax rate from 35.0% to 21.0%

For more information, please see Note 21 of the Audited Consolidated Financial Statements.

Human Resources:

The Company has employees in Mexico and the United States.

In 2022, around 56.1% of our employees in Mexico were members of labor unions in our operations. As of March 2023, and the date of this Annual Report, labor relations with our employees in Mexico are governed by 53 separate collective labor agreements, each relating to a different group of employees and negotiated on behalf of each such group by a different labor union.

In general, we believe that we have good relations with our employees. We have not experienced significant work stoppages as a result of labor problems.

As is typical in Mexico, wages are renegotiated every year while other terms and conditions of employment are renegotiated every two years. We seek to attract dependable and responsible employees to train at each of our plants and facilities. We offer our employees attractive salary and benefit packages, including, in some cases, a pension and savings plan.

In our U.S. operations the only employees represented by a labor union are the bargaining unit employees at our Oklahoma City facility and, as of the date of this Annual Report, there is a collective bargaining agreement governing the terms and conditions of their employment.

As is typical in the U.S., wages and other terms and conditions of employment are renegotiated periodically. We seek to attract dependable and responsible employees to train at each of our plants and facilities. We offer our employees attractive salary and benefit packages, including a health insurance and a retirement savings plan.

EMPLOYEES

	2022	2021	2020	2019	2018
TOTAL EMPLOYEES	**34,098**	**32,058**	**29,780**	**28,218**	**27,597**
In Mexico	29,899	27,658	25,777	23,861	23,315
In United States	4,199	4,400	4,003	4,357	4,282

Environmental performance:

The chicken industry is subject to government regulation in the health and environmental safety areas, including provisions relating to water, air pollution and noise control. Below is a description of the principal laws and administrative authorities in these areas in Mexico and the U.S.:

- **Mexico**. The *Servicio Nacional de Sanidad Inocuidad y Calidad Alimentaria* (Mexican Sanitary Authority or "SENASICA"), the *Ley General de Equilibrio Ecológico y Protección Ambiental* (General Law of Ecological Balance and Environmental Protection) and the *Secretaría del Medio Ambiente y Recursos Naturales* (Ministry of Environment and Natural Resources or "SEMARNAT").

- **The United States**. The USDA, the Centers for Disease Control, the Environmental Protection Agency (or "EPA"), the U.S. Department of Homeland Security (or "DHS") and the U.S. Department of Labor (or "DOL").

All of these laws or regulations can bring administrative and criminal proceedings against companies that violate environmental and safety laws and regulations, and after certain administrative procedures, such violations can result in the closure of non-complying facilities.

The Company provides information to these authorities on a regular basis or whenever required to assure the Company's compliance thereof. Our Mexican and U.S. subsidiaries are also in compliance with all current regulations and are constantly monitored to ensure compliance in case of any changes in the regulatory environment.

Environmental, Social and Governance (ESG

At Bachoco we recognize the importance of sustainability in our business strategy and the transversality with which the different issues that comprise it must be addressed. For this reason, we created a Sustainability Committee, with the participation of directors and executives, and developed the Bachoco Sustainability Model, which is made up of four pillars: Business, People, Planet and Community.

The commitment we assume to contribute to the preservation of the planet and its resources is clearly reflected in the efforts we have done to implement sustainable practices and technologies in our operations. Proof of this are the actions we made on packaging issues to promote a circular economy in our distribution and marketing processes. Likewise, this year we began to work on the review and update of our environmental policy that will come into force at the beginning of 2023.

With the purpose of increasing the use of renewable energies and optimizing energy consumption in our operations, we continue to promote the implementation of sustainable technologies in our production centers. In 2022 we recorded a 37% increase in power generation with solar panels.

During 2022, in line with the provisions issued by the health authorities, in all workplaces we maintained the measures to prevent the spread of COVID-19 and continued the strategy to facilitate and promote vaccination. Thanks to these actions, 23,130 employees received a booster dose, which represents 82.3% of the workforce.

With the purpose of strengthening a culture of ethics and integrity within the company, in 2022 we reviewed and updated our Code of Ethics and worked on the creation of two crucial tools: the Conflict-of-Interest Policy and the Human Rights Policy, which will be released in 2023. Likewise, we strengthened the structure of the Ethics Committee by integrating an executive secretary.

Market Information:

Bachoco participates mainly in two markets, the Mexican market and the US market. Bachoco participates in the chicken market in the United States, while its operations in Mexico have other lines of business in addition to the chicken line.

Bachoco in Mexico produces and sells chicken, egg and balanced feed products. Additionally, it produces, processes and markets pork, it also produces and markets value-added turkey and beef products, as well as production of vaccines for the poultry industry and other similar industries.

Due to their relevance to the Company's revenues, the chicken, egg and shot food industries are described below.

Overview of the Chicken Industry in Mexico

According to the UNA, chicken products are the main source of protein consumed in Mexico.

According to the UNA, Mexico is among the ten main chicken producers worldwide, with an estimated production of 3,763.3 thousand tons of chicken meat in 2022, and a per capita consumption of 33.8 kilograms a year in 2022, which is an increase of 2.7% and 0.45% in comparison to 2021, respectively.

Fresh chicken is the most popular meat consumed in Mexico. According to the UNA, more than 90% of chicken is sold fresh, and just a small percentage is sold frozen and with value added (marinated, breaded, partially cooked and fully cooked, among others). These products have found limited acceptance among Mexican consumers due to tradition and historical consumer preferences for fresh chicken.

We estimate that we are Mexico’s largest chicken producer with around a 34.0% share of the chicken production market, and, when combined with our largest vertically integrated competitor in Mexico, we account for approximately 60.0% of total Mexican poultry production.

According to the USDA, Mexico is a main destination for U.S. chicken exports. Chicken imports from the U.S. have increased from 204.1 thousand tons in 2008 (when restrictions for leg quarters imports were phased out in January 2008) to approximately 475.8 thousand tons in 2022. According to preliminary numbers, in particular, in 2022 total chicken imports decreased 1.8% when compared to 2021.

Chicken products in Mexico are classified into six main categories: live, public market, rotisserie, supermarket broiler, chicken parts and value-added products. Bachoco operates in all of these categories. For a better understanding of the chicken market in Mexico, the following is a brief description of each category of chicken products:

- **Live chicken** is sold live to small independent slaughtering operations or to wholesalers that contract with independent slaughtering operations for processing.

- **Public market chicken** is a whole broiler presented either un-eviscerated or eviscerated, generally sold within 48 hours after slaughter. This product is sold to consumers without any packaging or brand identification.

- **Rotisserie chicken** is a whole broiler presented eviscerated and ready to cook.

- **Supermarket chicken** is a fresh whole broiler presented with the edible viscera packed separately.

- **Chicken cuts** refers to cut-up fresh chicken parts sold wrapped in trays or in bulk principally to supermarket chains, the fast-food industry and other institutional food service providers.

- **Value-added products** refer mainly to cut-up fresh chicken parts with value-added treatment like marinating, breading and individual quantity frozen.

While we operate in all six of these chicken categories, our product mix varies from region to region, reflecting different consumption and distribution patterns.

NET REVENUE AND VOLUME OF CHICKEN BY CATEGORY

En 2022	Industry /volume (1)	Bachoco /volume	Bachoco /net revenue
Live	n/a	38%	31%
Public market	n/a	10%	11%
Rotisserie	n/a	28%	28%
Supermarket	n/a	4%	4%
Chicken parts and value-added products	n/a	20%	26%

En 2021	Industry /volume (2)	Bachoco /volume	Bachoco /net revenue
Live	37%	39%	33%
Public market	9%	10%	10%
Rotisserie	36%	27%	27%
Supermarket	3%	4%	4%
Chicken parts and value-added products	15%	20%	26%

En 2020	Industry /volume (2)	Bachoco /volume	Bachoco /net revenue
Live	40%	41%	34%
Public market	8%	11%	11%
Rotisserie	35%	26%	27%
Supermarket	3%	4%	4%
Chicken parts and value-added products	14%	18%	24%

(1) Industry information for 2022 is not available as of the date of this Annual Report.

(2) Source: UNA.

Overview of the Chicken Industry in the U.S

According to the USDA and the UNA, chicken is the main protein consumed in the U.S., but, unlike in Mexico, most of the chicken is sold by producers in cuts, and the cuts are mainly sold frozen and with value-added (approximately 90%). This is due to a large increase in demand for the three main components of chicken: the breast, wing, and leg quarters.

According to the National Chicken Council, and the USDA the U.S. is the world's largest producer of chicken. Its annual production is estimated at 21.0 million tons or 46.2 billion pounds in 2022. This represents a 2.9% increase over the 20.4 million tons produced in 2021, with per capita consumption among the highest worldwide, per annum, estimated at 44.9 kilograms (around 98.9 pounds).

The U.S. chicken industry is substantially consolidated and vertically integrated. Most producers of chicken use state-of-the-art technology in their processes. It is estimated that the three main chicken producers account for 64.3% of the total chicken production in the U.S.

Another characteristic of the chicken industry in the U.S. is the use of contract growers, with approximately 95% of chicken produced by contract growers. Such production consists of providing the growers with chickens, balanced feed, vaccines, medicines and training required for the growing of chickens. The grower supplies its facilities and labor required in order to bring the chickens to slaughter-ready weight. The contract grower is then paid based on the productivity and efficiency of its flock.

Brazil and the U.S. are the main exporters of chickens worldwide, and their main destinations are Mexico, Cuba and China, among other countries. We estimate that our market share is around 1.7% in the U.S.

Overview of the Egg Industry in Mexico

According to the UNA, Mexico has the largest per capita consumption of eggs (or "table eggs") in the world.

There is an estimated per capita consumption of around 23.1 kilograms for 2022, a 4.5% decrease when compared to 24.2 kilograms in 2021.

Mexico's 2022 annual egg production is estimated at 2,964.0 million tons, a decrease of 1.5% as compared to 3,008.2 million tons produced in 2021.

When compared to other protein sources, eggs are among the cheapest sources of protein in Mexico. The egg industry is more fragmented than the chicken industry.

Table eggs in Mexico are classified in three main categories: bulk, packaged and processed.

- **Bulk** is distributed in large 360-egg cases.
- **Packaged** is branded packages of mainly 12, 18, 24 or more eggs.
- **Processed** is liquid or powdery eggs used mainly by the bakery industry.

Bachoco participates in the bulk and packaged categories of eggs but does not participate in the processed egg market.

We estimate that we are the second largest producer of table eggs in Mexico. In 2022, we produced approximately 5.0% of the total eggs produced in Mexico measured in tons. We sell both brown and white eggs. We estimate that we are the largest producer of brown eggs in Mexico, and the largest marketer of packaged eggs with brand identification.

In 2022, 2021 and 2020, the volume sold in the table eggs category in the Mexican industry and by the Company was:

NET REVENUE AND VOLUME OF EGG BY CATEGORY

En 2022	Industry /volume (1)	Bachoco /volume	Bachoco /net revenue
Bulk	n/a	23%	21%
Packaged	n/a	77%	79%
Processed	n/a	0%	0%

En 2021	Industry /volume (2)	Bachoco /volume	Bachoco /net revenues
Bulk	77%	24%	22%

Packaged	15%	76%	78%
Processed	8%	0%	0%

En 2020	Industria /volume [2]	Bachoco /volume	Bachoco /net revenues
Bulk	77%	26%	23%
Packaged	15%	74%	77%
Processed	8%	0%	0%

(1) Industry information for 2022 is not available as of the date of this Annual Report.

(2) Source: UNA.

Overview of the Balanced Feed Market in Mexico

According to CONAFAB, Mexico is among the ten biggest producers of balanced feed worldwide.

According to CONAFAB, it is estimated that 40,138 thousand tons of balanced feed were produced in Mexico in 2022, a 3.3% increase from 38,857 thousand tons of balanced feed produced in 2021.

Producers of balanced feed are classified as either commercial or integrated; commercial manufacturers produce for the market while integrated manufacturers mostly produce for themselves and occasionally for other producers.

Bachoco participates in both integrated and commercial channels, as it produces balanced feed used for internal consumption as well as balanced feed it ultimately sells to third parties.

In 2022, CONAFAB estimated that the production mix between commercial and integrated was about 38.9% and 61.1%, respectively. This mix has not changed much over the last several years.

The following table sets forth, for each of the periods indicated, our net volume sold of balanced feed:

BALANCE FEED VOLUME SOLD

Thousands of tons	Production [1]	Bachoco´s Production	Estimated Market Share
2022	15,623	483	3.1%
2021	15,173	479	3.2%
2020	14,712	478	3.2%

(1) CONAFAB estimates

Seasonality Effects

The poultry industry worldwide is very susceptible to price changes in its main raw materials, such as corn, soybean meal and sorghum. As a result, the industry is characterized by cyclical periods of higher profitability leading to overproduction followed by periods of lower prices and lower profitability.

Our net revenue is moderately seasonal in Mexico. Generally, we experience the highest levels of net revenue in the second and fourth quarters due to higher chicken consumption during the holiday seasons.

As for our net revenue in the U.S., there is slightly less seasonality due to the mix of products offered in the market, but breast meat prices are typically higher in the second and third quarters and wings are more in demand in the first and fourth quarters.

Pricing for chicken and eggs products

Chicken and eggs are considered a commodity item. Changes to the supply or demand and changes in raw material prices can directly impact sale prices and, as a result, affect the profitability of main producers. Another factor that impacts chicken pricing, mainly in U.S., is the international demand.

Main Raw Materials and Sources of Supply

As a vertically integrated company, our processes start in our main product lines with production of balanced feed, as well as with the buying of grandparent breeder flocks.

Our production of chicken processes starts with the purchasing of one-day birds called “grandparent” birds. These birds are raised to maturity in our farms where fertile eggs are produced to continue through our production processes. Grandparent birds are bought mainly in the U.S. and also in some other countries from genetic bird firms.

The largest single component of our cost of sales is the cost of balanced feed raw materials, mainly grain (corn and sorghum), as well as soybean meal, used to prepare balanced feed. We operate our own feed mills to produce balanced feed for both our individual business consumption as well as to sell to third parties.

The prices of these ingredients are subject to significant volatility resulting from weather, the size of harvests, transportation and storage costs, governmental agricultural policies, currency exchange rates and other factors. The Company engages in hedging of its feed costs in order to assure a more stable cost of grains.

In Mexico, domestic crops are limited, therefore a large percentage of our raw materials are imported from the U.S. In 2022, in terms of volume, we bought approximately 16.9% of our total grain from the domestic market and the remaining 83.1% from the U.S.

Organizational Structure:

The Company is a holding company with no operations other than holding the stock of its subsidiaries. Our main operating subsidiaries are BSACV and Bachoco USA (the holding company for OK Foods), which own our main operating assets.

In 2022, our subsidiary BSACV accounted for 66.3% of consolidated total assets and 59.4% of total consolidated sales and our subsidiary Bachoco USA, accounted for 14.3% of consolidated total assets and 25.7% of total consolidated sales.

All of our subsidiaries are directly owned by us in the percentages listed below. The following table shows our main subsidiaries as of December 31, 2022, 2021 and 2020:

PERCENTAGE EQUITY INTEREST

Subsidiary	Country	2022	2021	2020
Bachoco, S.A. de C.V.	Mexico	99.99	99.99	99.99
Bachoco USA, LLC. & Subsidiary	U.S.	100.00	100.00	100.00
Campi Alimentos, S.A. de C.V.	Mexico	99.99	99.99	99.99
Induba Pavos, S.A. de C.V.	Mexico	99.99	99.99	99.99
Bachoco Comercial, S.A. de C.V.	Mexico	99.99	99.99	99.99
PEC LAB, S.A. de C.V.	Mexico	64.00	64.00	64.00
Aviser, S.A. de C.V.	Mexico	—	—	99.99
Operadora de Servicios de Personal, S.A. de C.V.	Mexico	—	—	99.99
Secba, S.A. de C.V.	Mexico	—	—	99.99
Servicios de Personal Administrativo, S.A. de C.V.	Mexico	—	—	99.99
Sepetec, S.A. de C.V.	Mexico	—	—	99.99
Wii kit RE LTD.	Bermuda	100.00	100.00	100.00
Proveedora La Perla S.A. de C.V.	Mexico	100.00	100.00	100.00
Sonora Agropecuaria, S.A. de C.V.	Mexico	54.84	54.80	54.80
RYC Alimentos, S.A. de C.V.	Mexico	100.00	n.a.	n.a.

Bachoco USA is a subsidiary incorporated on March 2, 2012 to serve as the holding company for O.K. Industries, Inc., the American poultry company we acquired in November 2011.

At the end of 2016 we set up Wii kit RE LTD, a captive reinsurance company to complement our risk management strategy, as a subsidiary of the Company, in which we own 100% of the shares. Wii kit RE LTD., is a Class I reinsurance company that provides insurance coverage to its affiliates.

In July 2017, we acquired La Perla, a Mexican corporation, as a fully owned subsidiary of the Company. This company is dedicated to the production and sale of pet food.

In June 2020, we completed our acquisition of SASA, a swine processing and distributor company with operations in the Mexican States of Sonora and Jalisco.

In January 2022, we completed our acquisition of RYC Alimentos, a company dedicated to multiprotein processing and marketing with production centers in the state of Puebla, Mexico.

Aviser, S.A. de C.V., Operadora de Servicios de Personal, S.A. de C.V., Secba, S.A. de C.V., Servicios de Personal Administrativo, S.A. de C.V. and Sepetec, S.A de C.V. until July 2021, were engaged in providing administrative and operating services rendered to their related parties. Derived from the requirements of the Labor Reform in Mexico, in July 2021 these companies merged with Bachoco, S.A. de C.V., which subsisted as a merging company, acquiring all the debts and responsibilities of the merged companies, subrogating the merged company in all its commercial, civil, labor, fiscal rights and obligations and of any other nature without exception.

For more detail regarding the Company's subsidiaries, see Note 5 of our Audited Consolidated Financial Statements included herein.

Property, Plant and Equipment:

We have more than a thousand production facilities in Mexico and in the U.S. (most of which are farms) and more than 100 distribution centers that are located throughout Mexico, to ensure freshness and minimize transportation time and costs.

We own most of our facilities, own around 79.6% of our farms and lease a limited number of other farms and sales centers. We also employ a network of contract growers.

The following table indicates Bachoco's production facilities and the number of each type of facility, both in Mexico and the U.S., as of December 31, 2022:

BACHOCO'S FACILITIES

	Number of Facilities:	
Facilities	**In Mexico**	**In The U.S.**
Chicken breeding farms	118	203
Broiler grow-out farms	505	187
Broiler processing plants	7	2
Hatchery	20	2
Egg production farms	134	—
Feed mills	21	2
Further process plants	6	5
Swine farms	57	—
Swine processing plants	2	—

Bachoco's Facilities in Mexico

In the past, our facilities in Mexico were grouped in several complexes with main offices in Merida, Coatzacoalcos, Tecamachalco, Celaya, Lagos de Moreno, Monterrey, Gomez Palacios, Culiacan and Hermosillo. In 2014, we implemented a new structure whereby our facilities are now grouped according to "business units" where each business unit is responsible not only for the production process but also for customer service in an assigned region.

We process around 12.3 million chickens per week and our laying farms produce around 12.4 thousand tons of commercial eggs each month.

Six of the twenty one feed mill plants in Mexico, are dedicated to the production of balanced feed for sales to third parties and the remaining fifteen are dedicated mainly to internal consumption. We produce around 40 thousand tons of balanced feed per month for sale to third parties.

In our swine processing plants we process around 10,148 hogs per week.

We own other facilities, including two poultry manure-processing plants. We also own a laboratory that produces vaccines for the poultry industry, which we mainly use for internal purposes, but we also sell some vaccines to third parties.

Expansion, Construction or Issues Related to Our Facilities in Mexico

On January 24, 2022, the Company acquired 100% of the shares of RYC Alimentos "RYC", a company dedicated to multiprotein processing and marketing with production centers in the state of Puebla, Mexico at a purchase price of $1,251.5 million.

In June 2020 we acquired 54.8% of SASA capital stock, a swine processing and distributor company with operations in the states of Sonora and Jalisco, which gives us the capacity to serve both the domestic and export markets.

In 2019, we continued with our organic growth plans and productivity projects to improve our efficiency and to alleviate bottlenecks, thereby increasing production, in some of our production centers. For instance, we increased our grow-out capacity, improved our productivity and increased our hatchery capacity, and made several improvements in our processing plants. We also replaced part of our fleet in all of our business units.

See Note 4 of our Audited Consolidated Financial Statements for more detail.

Bachoco's Facilities in the U.S.

We have facilities across the River Valley area in Arkansas, Oklahoma, Alabama and Georgia. We process around 2.7 million chickens per week in those facilities. Our offices are in Fort Smith, Arkansas. Our slaughter and deboning plants and feed mills are located in Fort Smith, Arkansas and in Heavener, Oklahoma. We have further-processing plants to produce value-added chicken products in Fort Smith, Oklahoma City, Muldrow, Oklahoma and in Alabama; hatcheries in Heavener and Stigler, Oklahoma; broiler research farms, in Greenwood, Arkansas and Hartford, Arkansas; and our cooler storage and distribution center in Muldrow, Oklahoma.

Expansion, Construction or Issues Related to Our Facilities in the U.S.

In July 2013, the Company reached an agreement to acquire the Arkansas breeding assets of Morris Hatchery Inc., a U.S. company. These assets are comprised mainly of equipment and bird inventory (laying hens that produce hatching eggs), with a capacity of approximately 350 thousand laying hens.

In July 2015, the Company reached an agreement to acquire the Georgia breeding assets of Morris Hatchery Inc. These assets are comprised mainly of equipment and bird inventory (laying hens that produce hatching eggs), with a capacity of approximately one million laying hens.

In December 2015, the Company reached an agreement to acquire the Oklahoma City Fully Cooked facility from American Foods Group, a U.S. Company. This acquisition is comprised of all of American Foods Group's chicken assets located in Oklahoma City, with a capacity to produce over 700 thousand pounds per week of fully cooked chicken products. The Company closed the transaction in February 2016 through its subsidiary, OK Foods.

In July 2017, we acquired AQF a company that produces and sells value-added further processed products.

The Company plans to continue with several projects, primarily in Mexico, gradually increasing our chicken and egg production in the next few years.

Legal Proceedings:

Not apply

Major stockholders and Related Party Transactions:

In September 1997, an initial public offering of Shares was made, which consisted of 600 million Shares, with full voting rights.

Before September 2006, our common stocks consisted of 450,000,000 Series B shares and 150,000,000 Series L shares. Holders of Series B shares were entitled to one vote at any general meeting of our stockholders for each Series B Share held. Holders of Series L shares were entitled to one vote for each Series L Share held, but only with respect to certain matters. We had UBL Units consisting of one Series B Share and one Series L Share and B Units consisting in two Series B shares.

During the extraordinary meeting held on April 26, 2006, Shareholders approved the Company's plan to convert the Series L shares into Series B Shares, with full voting rights, as well as the dissolution of UBL and UBB Units into their components shares.

This process was completed in September 2006 and included two steps: separating the UBL and UBB Units trading on the Mexican Exchange into their component Shares and converting the Series L Shares into Series B Shares, thereby creating a single share class, the Series B Shares. These Shares are trading on the Mexican stock market. The ADRs which trade on the NYSE still consist of twelve underlying Shares, but they are all Series B Shares, with full voting rights.

Currently, the Company's common stock consists of 600,000,000 Shares with full voting rights.

Our Capital Stock, at December 2022, was distributed as follows:

	Before the transaction		After the transaction	
	Shares(1)	Position	Shares(1)	Position
Family Trusts	**439,500,000**	**73.25 %**	**439,500,000**	**73.25 %**
Control Trust	312,000,000	52.00 %	312,000,000	52.00 %
Underwriting Trust	127,500,000	21.25 %	127,500,000	21.25 %
Edificio del Noroeste, S.A. de C.V.			**86,5889,532**	**14.43 %**
Float(2)	**160,500,000**	**26.75 %**	**73,910,468**	**12.32 %**

(1) All shares B Class with full voting rights.

(2) Trading on the BMV and at the NYSE

According to our anual stockholder meeting, we estimate 686 stockholders in the BMV.

The following table sets forth the Company's main shareholders, which held 1.0% or more of the total shares of the Company, as of December 31, 2022.

	Shares(1)	Position	Country
Control Trust	312,000,000	52.00 %	Mexico
Underwriting Trust	127,500,000	21.25 %	Mexico
Edificios del Noroeste S.A. de C.V.	86,589,532	14.43 %	Mexico
MetLife Investment Management, LLC	38,300,000	6.38 %	Mexico
GBM Fondo de Inversión Total, S.A. de C.V.	13,395,252	2.23 %	EEUU

(1) All shares B Class with full voting rights.

The following table sets forth the Company's main shareholders, which held 1.0% or more of the total shares of the Company, as of March 31, 2023.

	Shares(1)	Position	Country
Control Trust	312,000,000	52.00 %	Mexico
Underwriting Trust	127,500,000	21.25 %	Mexico
Edificios del Noroeste S.A. de C.V.	145,432,007	24.24 %	Mexico
MetLife Investment Management, LLC	13,286,927	2.21 %	Mexico

BNY Mellon has been our Depositary Bank since the day of our initial public offering of shares and continues to act in that capacity as of the date of this document. BNY Mellon is located at 240 Greenwich Street, in New York, N.Y. 10286. Below is their contact information for shareholder and proxy services:

Shareholder Services	Proxy Services
Regular Mail	
P.O. Box 505000	
Louisville, KY 40233-5000	
Overnight/ certified/ registered delivery:	
462 South 4th Street, Suite 1600	

Louisville KY 40202	P.O. Box 43102
	Providence RI 02940-5068
	Toll free: 888 269 2377
T.: 888 269 2377/ 201 680 6825	
E:sharerelations@cpushareownerservices.com	
W: www.mybnymdr.com	T. 212 815 3700
	E: shareowner@bankofny.com

Dividends:

Although there can be no assurance as to the amount or timing of future dividends, we expect to pay an annual dividend pro rata to holders of outstanding shares in an amount of approximately 20.0% of the prior year's net income. The declaration and payment of dividends will depend on our results of operations, financial condition, cash requirements, future prospects and other factors deemed relevant by the Board of Directors and the shareholders, including debt instruments that may limit our ability to pay dividends.

Because we are a holding company with no significant operations of our own, we will have distributable profits and cash to pay dividends only to the extent that we receive dividends from our subsidiaries, principally BSACV. Accordingly, there can be no assurance that we will pay dividends or of the amount of any such dividends. BSACV, our principal operating subsidiary, could, in the future, enter into loan agreements containing covenants whose terms limit its ability to pay dividends under certain circumstances.

Mexican law requires that 5.0% of our net income each year be allocated to a legal reserve fund until such fund reaches an amount equal to at least 20.0% of our capital stock. Mexican corporations may pay dividends only out of earnings (including retained earnings after all losses have been absorbed or paid up) and only after such allocation to the legal reserve fund. The Company complies with this requirement and it is able to distribute dividends.

During the Ordinary Annual Meeting on April 27, 2022, the Board of Directors declared the payment of cash dividends for $1.64 per share, equivalent to $19.68 pesos per ADR. The amount was paid in two equal installments of $0.82 each in the months of May and July, both in 2022.

During the Ordinary Annual Meeting on April 28, 2021, the Board of Directors declared the payment of cash dividends for $1.42 per share, equivalent to $17.04 pesos per ADR. The amount was paid in two equal installments of $0.71 each in the months of May and July, both in 2021.

During the Ordinary Annual Meeting on April 22, 2020, the Board of Directors declared the payment of cash dividends for $1.32 per share, equivalent to $15.84 pesos per ADR. The amount was paid in two equal installments of $0.66 each in the months of May and July, both in 2020.

DIVIDENDS

	As of December 31,		
	2022	**2021**	**2020**
Total dividends declared (in million pesos)	**983.0**	**851.6**	**791.7**
Dividend declared per share (in pesos)	1.64	1.42	1.32
Dividends declared per ADR (in pesos)	19.68	17.04	15.84

[424000-N] Financial Information

Concept	Actual Anual Period MXN 2022-01-01 - 2022-12-31	Previous Annual Period MXN 2021-01-01 - 2021-12-31	Previous Annual Period MXN 2020-01-01 - 2020-12-31
Net revenues	98,890,655	81,699,068	68,792,002
Gross profit (loss)	16,857,865	13,342,414	11,084,436
Operating profit (loss)	8,385,895	5,891,855	4,301,512
Net income (loss)	6,047,792	4,934,100	3,972,092
Basic earnings (loss) per share	10.20	8.45	6.56
Acquisition of property and equipment	4,840,828	3,479,493	2,752,281
Operating depreciation and amortization	1,812,739	1,463,799	1,735,146
Total assets	72,568,843	65,988,761	58,475,000
Total long-term liabilities	9,000,251	4,869,398	6,368,409
Total equity	52,901,347	48,284,060	43,926,808
Cash dividends declared per share	1.64	1.42	1.32

Description or Explanation of Selected Financial Information:

Operating Performance

La información financiera a continuación se expresa en millones de pesos, excepto montos por acción, ADR, o a menos de que se indique de otra manera, y debe ser leída en conjunto con nuestros Estados Financieros Consolidados, adjuntos a este documento.

PRINCIPAL STATEMENT OF PROFIT OR LOSS DATA AND OTHER COMPREHENSIVE ITEMS

In millions of pesos, except per share and share amounts for the years ended in December 31,

	2022 USD	2022 $	2021 $	2020 $
Net revenues	5,069.0	98,890.7	81,699.1	68,792.0
Cost of sales	4,204.9	82,032.8	68,356.7	57,707.6
Gross profit	864.1	16,857.9	13,342.4	11,084.4
General, selling and administrative expenses	436.0	8,506.3	7,127.8	6,420.4
Other income (expenses), net	1.8	34.3	(322.8)	(362.5)
Operating income	429.8	8,385.9	5,891.9	4,301.5
Net finance income	(15.5)	(301.7)	849.9	882.2
Income tax	104.4	2,036.4	1,807.6	1,211.6
Profit attributable to controlling interest	313.4	6,114.2	5,065.6	3,935.7
Profit attributable to non-controlling interest	(3.4)	(66.4)	(131.5)	36.4
Profit for the year	310.0	6,047.8	4,934.1	3,972.1
Basic and diluted earnings per share(1)	0.52	10.20	8.45	6.56
Basic and diluted earnings per ADR(2)	6.27	122.41	101.36	78.74

Dividends per share(3)	0.1	1.640	1.420	1.320
Weighted average shares outstanding(4)	599,380	599,380	599,730	599,818

(1) Basic and diluted earnings per share are calculated based on the weighted average number of basic and diluted shares and presented in pesos. No potentially dilutive shares exist in any of the years presented, for which reason, basic and diluted earnings per share are the same.
(2) Each ADR represents twelve shares. Earnings per ADR are presented in pesos.
(3) Dividends per share have been computed by dividing the total amount of dividends paid by the weighted average shares outstanding and are presented in pesos.
(4) In thousands of shares.

DATA FROM THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Al 31 de diciembre de			
	2022	2022	2021	2020
	USD$	$	$	$
TOTAL ASSETS	**3,719.8**	**72,568.8**	**65,988.8**	**58,475.0**
Cash and cash equivalents	958.5	18,698.9	19,136.4	17,286.4
TOTAL LIABILITIES	**1,008.1**	**19,667.5**	**17,704.7**	**14,548.2**
Short-term debt (1)	60.6	1,181.5	1,993.9	1,057.6
Long-term debt	154.3	3,010.5	0.0	1,460.4
TOTAL EQUITY	**2,711.6**	**52,901.3**	**48,284.1**	**43,926.8**
Capital stock	60.2	1,174.4	1,174.4	1,174.4

(1) Includes current portion of long-term debt

MARGENS

In percentage, for the years ending in December 31st of:

	2022	2021	2020
Gross Margin	17.0%	16.3%	16.1%
Operating Margin	8.5%	7.2%	6.3%
Net Margin	6.1%	6.0%	5.8%

Other Indicators

Other important indicators for the Company are presented below, for the years ended December 31, 2022, 2021, 2020, 2019 and 2018:

VOLUME SOLD BY SEGMENT

In thousands of tons as of December 31:

	2022	2021	2020	2019	2018
Total volume sold:	**2,358.40**	**2,318.0**	**2,296.2**	**2,254.8**	**2,206.2**
Poultry	1,764.6	1,769.1	1,772.5	1,739.4	1,752.9
Others	593.8	549.0	523.7	515.4	453.3

EMPLOYEES

	2022	2021	2020	2019	2018
Total employees:	**34,098**	**32,058**	**29,780**	**28,218**	**27,597**
In Mexico	29,899	27,658	25,777	23,861	23,315
In the U.S.	4,199	4,400	4,003	4,357	4,282

GDP, INFLATION TASA DE INFLACIÓN AND CETES to 28 days.

The following table includes gross domestic product (GDP) and inflation rate data from 2018 to 2022, as well as 28-day average interest rates (“CETES”), as provided by Banco de México.

AÑO	GDP	INFLACIÓN	CETES
2022	3.10%	7.82%	7.70%
2021	4.80%	7.36%	4.40%
2020	(8.20) %	3.15%	5.30%
2019	(0.10) %	2.83%	7.80%
2018	2.0%	4.83%	7.60%

As of March 30, 2023, the 28-day CETES rate was 11.34%

GDP

After the pandemic, Mexico has experienced an economic recovery in the last two years. In 2022, the Mexican GDP was 3.10%, for the years 2021, 2020, 2019 and 2018 it was 4.80% positive, 8.20% negative, 0.10% negative and 2.0% positive, respectively.

Interest Rate

Mexico has historically had, and may continue to have, high real and nominal interest rates. The 28-day CETES interest rates averaged 7.70%, 4.40%, 5.30%, 7.80% and 7.60%, for 2022, 2021, 2020, 2019 and 2018 respectively. High interest rates in Mexico could increase our financing costs and thus deteriorate our financial condition, results of operations and cash flow.

Inflation rate

According to INEGI data, the annual rate of inflation, measured by changes in the National Consumer Price Index (IPC) of Mexico, was 7.82% in 2022, 7.36% in 2021, 3.15% in 2020, 2.83% in 2019 and 4.83% in 2018. An adverse change in the Mexican economy can have a negative impact on price stability and result in higher inflation than its main trading partners, including the United States.

Exchange rate

According to information from Banco de México as of December 31, 2022, the peso-dollar exchange rate closed at levels of $19.51 pesos per dollar. As of March 31, 2023, the exchange rate closed at levels of $18.02 pesos per dollar.

Selected quarterly financial information:

Not applies

Information in the case of issues guaranteed by subsidiaries of the issuer:

Not applies

Financial information by line of business, geographical area and export sales:

The following table sets forth, for each of the periods indicated, our net revenues by main product lines as a percentage of total net revenues, as of December 31, 2022, 2021 and 2020:

NET REVENUES BY OPERATING SEGMENTS
In millions of pesos, for the year
ended December 31,

	2022		2021		2020	
	$	%/net revenue	$	%/ net revenue	$	%/ net revenue
Net Revenues	**98,890.7**	**100**	**81,699.1**	**100**	**68,792.0**	**100**
Poultry	84,373.5	85.3	71,647.7	87.7	61,323.9	89.1
Others	14,517.2	14.7	10,051.3	12.3	7,468.1	10.9

NET REVENUES BY GEOGRAPHY
In millions of pesos, for the year
Ended December 31,

	2022		2021		2020	
	$	%/net revenue	$	%/net revenue	$	%/net revenue
Net Revenues	**98,890.7**	**100.0**	**81,699.1**	**100.0**	**68,792.0**	**100**
In Mexico	73,653.2	74.5	61,338.5	75.1	49,303.2	71.7
In the U.S.	25,237.4	25.5	20,360.6	24.9	19,488.8	28.3

Net export earnings do not represent a relevant amount for the business.

Relevant credit report:

As of December 31, 2022, the Company has short-term maturing financial debt for $1,181.5 million, with a weighted annual rate of 8.15%, and long-term debt for an amount of $3,010.4 million with a weighted interest rate of 8.22.%.

The credits that make up the financial debt with short-term maturity as of December 31, 2022, in thousands of pesos, are;

	December 31,		
	2022	2021	2020
Loan denominated in pesos, maturing in March 2023, at TIIE (1) rate plus 0.50 percentage points.	$ 70,343	-	-
Loan denominated in pesos, maturing in June 2023, at TIIE (1) rate plus 0.45 percentage points.	50,054	-	-
Loan denominated in pesos, maturing in September 2023, at TIIE (1) rate plus 0.48 percentage points.	361,012	-	-

Loan denominated in pesos, maturing in December 2023, at TIIE (1) rate plus 0.48 percentage points.	500,124	-	-
Loan denominated in pesos, maturing in June 2023, at TIIE (1) rate plus 0.50 percentage points.	199,999	-	-
Loan in the amount of 39,000 thousand dollars, maturing in January 2021, at LIBOR (2) rate plus 0.60 percentage points.	-	-	778,050
Loan denominated in pesos, maturing in February 2021, at TIIE (1) rate plus 0.90 percentage points.	-	-	70,011
Loan denominated in pesos, maturing in December 2022, at TIIE (1) rate plus 0.29 percentage points.	-	500,081	-
Total short-term debt	$ 1,181,532	500,081	848,061

The credits that make up the financial debt with long-term maturity as of December 31 are:

	December 31,		
	2022	**2021**	**2020**
Loan denominated in pesos, maturing in May 2021, at TIIE (1) plus 1.05 percentage points.	$ -	-	209,499
Debt securities (subsection (d) of this note)	3,010,483	1,493,830	1,460,405
Total	3,010,483	1,493,830	1,669,904
Less current maturities	-	(1,493,830)	(209,499)
Long-term debt, excluding current maturities	$ 3,010,483	-	1,460,405

Certain bank loans establish certain affirmative and negative covenants, as well as the requirement to maintain certain financial ratios, which have been met as of December 31, 2022, among which are:

a) Provide financial information at the request of the bank.
b) Not to contract liabilities with financial cost or grant loans that may affect payment obligations.
c) Notify the bank regarding the existence of legal issues that could substantially affect the financial situation of the Company.
d) Not to perform substantial changes to the nature of the business, or in structure or Administration.
e) Not to merge, consolidate, separate, settle or dissolve except for those mergers in which the Company or surety are the merging company and do not constitute a change in control of the entities of the group to which the Company or the surety belong at the date of the agreement.

Debt Securities

On August 2017, we issued a second series of bonds for $1,500 million through the same program in the local debt capital markets for a tenor of 5 years, with a ticker symbol: “BACHOCO 17” with a validity of 1,820 days, equivalent to 65 periods of 28 days, approximately five years. With a number of Stock Certificates of 15,000,000 thousands and a face value of $100 pesos each.

In 2022, the series of bonds with the ticker symbol: "BACHOCO 17" matured and was redeemed in accordance with the contractual terms of the issue.

On August 5, 2022, a third series of bonds was made for a total amount of $3,000,000 thousands with ticker symbol: “BACHOCO 22” with a validity of 1,092 days, equivalent to 39 periods of 28 days, approximately three years. With a number of Stock Certificates of 30,000,000 thousands and a face value of $100 pesos each.

As of their issuance date, and as long as they are not amortized, the Securitization Certificates will accrue gross interest on their face value, at an annual interest rate, which will be calculated by adding 0.07 percentage points to the term TIIE of 28 days and in the event that the TIIE is not published for a term of 28 days, the TIIE will be used for the nearest term, disclosed by the Bank of Mexico. The issue that matured in 2022 accrued gross interest on its nominal value, at an annual interest rate, which was calculated by adding 0.31 percentage points to the 28-day TIIE.

The Stock Certificates are amortized at the expiration of the contractual term of each issue. The direct costs originated in the issuance or contracting of debt are deferred and amortized as part of the financial expense using the effective interest rate during the term of each transaction. These costs include commissions and professional fees.

(1) UDIS = Investment Units

Derived from the issuance of stock certificates, the Company has obligations to give, do and not do similar to those of its financial debt indicated above, which have been fulfilled during the year 2022.

Comments and analysis of the administration on the results of operations and financial situation of the issuer:

Macroeconomic and industry conditions in Mexico

In 2022, macroeconomic conditions in Mexico showed mixed results. On the one hand, GDP in 2022 grew by 3.1% vs. 2021. Similarly, the Mexican peso appreciated by 4.9% at the end of 2022 with respect to the US dollar. However, the reported inflation rate remained high. For 2022 it reported 7.82%, which was above the already high inflation of 7.36% registered in 2021.

In October 2022, the Company participated in the Opening Agreement Against Inflation and High Costs ("APECIC" for its Spanish acronym) that was signed between the Federal Executive and some companies, under which Bachoco assumed its commitment to maintain prices of some of its basic basket products only in the self-service channel and until December 31, 2022, guaranteeing their health, safety and quality at all times.

According to UNA estimates, by 2022, the volume of chicken in Mexico is expected to grow approximately 2.7%, which is within the normal range for this sector. On the other hand, for commercial eggs, they estimate a contraction of around 1.5%.

Effects related with Pandemic COVID-19

On the other hand, the outbreak of COVID-19 was first reported on December 31, 2019 in Wuhan, Hubei Province, China. From Wuhan, the disease spread rapidly to other parts of China, as well as other countries, including Mexico and the United States, growing into a global pandemic, as declared by the World Health Organization. Since the outbreak began, the world has faced an unprecedented situation with social and macroeconomic dynamics being drastically and negatively affected. At Bachoco, we observed impacts related to our operations, customers and our people.

Currently, worldwide we continue to experience some impacts of the COVID-19 pandemic and its variants.

During 2022, 2021 and 2020, Management performed an analysis to measure the financial impact on the Company derived from the possible effects of COVID 19, which included the following:

- Review of potential impairment of non-financial assets (including goodwill, right-of-use assets and property, plant and equipment) - Based on medium and long-term projections, a possible impairment in goodwill has not been identified in long-lived assets, except for intangible assets where an impairment of $18,930 and $5,459, was recognized during 2022 and 2021, respectively, in the United States subsidiary, see note 16.
- Inventory valuation - The Company has not had an impairment in the price of chicken and eggs. The Company qualified as an essential activity for which it has kept operations working normally, reinforcing sanitary measures in all work centers, in this way it has fulfilled its commitments to its customers. During 2022 there were no significant impacts, during 2021, the Hotel sector improved, but without reaching pre-pandemic levels and during 2020, the Hotel sector was the most affected in sales volume, for which the Company directed the volume to other channels such as self-services, rotisserie chains, public market and live chicken.
- During 2022, 2021 and 2020 in the acquisition of raw materials, even when there was volatility in the dollar exchange rate, the prices of the main raw materials such as corn and soybean paste were not affected in terms of cost and supply due to the pandemic, during 2020 in some other raw materials were delayed in shipments mainly due to logistical problems of ships in the ports of China, but without significantly affecting the Company's productive activities.
- Provision for expected losses - The estimate for expected credit losses was reviewed and based on this analysis, Management considered that the allowance for doubtful accounts is sufficient to support an increase in credit risk for certain clients. During 2022

there were no significant impacts, during certain months of the year 2021 and 2020, the level of the accounts receivable portfolio increased based on agreed terms and continues to be recovered considering the payment plans.
- Measurement at fair value - investments recognized at fair value consider all relevant market factors for their proper valuation.
- Breaches of agreements – The Company has fulfilled its commitments to suppliers and customers due to the fact that, as an essential sector, it has maintained its operations working normally, complying with the health protocols established by the competent authorities and due to its solid financial position.
- Going concern - The Company qualified as an essential activity in the markets it operates in and continues to operate normally with full operations in its farms, plants, distribution centers, logistics, supply chain and offices, despite partially working remotely in some of its corporate locations. Management has also implemented strict additional measures to guarantee the well-being of clients, suppliers and workers, as well as the quality and safety of its products, working in coordination with the health authorities and attending to all the recommendations issued by them.
- Labor relations have not been affected and no changes were made to contractual agreements with employees as the Company continues to operate normally.
- Liquidity risk management - The Company has sufficient liquidity to continue assuming its current and long-term commitments.
- Insurance recoveries related to business interruptions - The Company has insurance policies to cover business continuity, however, it is not expected that they will be used because it will continue to operate normally as it is considered to be an essential activity.
- Income tax considerations - So far, no adverse tax impact is anticipated as a result of the pandemic.

As the products that the Company manufactures and its industry is considered essential, there were no significant adverse effects on its consolidated position and financial performance resulting from COVID-19.

The impact of COVID-19 on the Company's operational and financial performance during 2022 and 2021 improved compared to 2020. In addition, the Company continues with the necessary measures to mitigate the residual risks caused by the pandemic.

Aware of the challenges we face in the digital sphere, we continue to reinforce our use of tools to prevent and monitor cyber risks and develop programs to promote the responsible use of information technology, thus ensuring the integrity of our stakeholders' data security in all processes.

In 2022, we carried out several actions to raise the level of awareness or risk prevention in the digital environment and in October, we celebrated Cybersecurity Day, when we taught a program consisting of 12 courses and workshops focused on cybersecurity risk mitigation, with the participation of the management teams of all Bachoco business units. The topics included in the training program are as follows:

- How to Clean your Digital Footprint
- Responsible Use of Corporate Technology
- Social Engineering
- Password Management
- Keeping WhatsApp Conversations Secure
- How to Prevent Information Theft
- Safe and Orderly Workspaces
- Management of Work and Personal Devices
- Information as an Essential Corporate Asset
- Social Media Privacy
- Internet Message and Browser Notifications

As of the date of issuance of the consolidated financial statements, the Company does not consider that it should substantially modify its budgets and/or financial projections or recognize significant losses in the valuation of its monetary and non-monetary assets as a result of the effects mentioned in this section. However, there is no guarantee that in the future the financial situation could be affected if the negative effects of the disruption of the national and global economy are significantly altered.

Operating results:

Fiscal year 2022, with comparative figures for 2021

In January 2009, the Comisión Nacional Bancaria y de Valores (Mexican Banking and Securities Commission or "CNBV") published certain amendments to the Rules for Public Companies and other participants in the Mexican Securities Market that require public companies to report financial information in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), effective as of January 1, 2012. Following these amendments, on January 1, 2012, we adopted IFRS, meeting the CNBV requirements.

Our Audited Consolidated Financial Statements included elsewhere in this Annual Report have been prepared in accordance with IFRS, as issued by the IASB.

The rules and regulations of the Securities and Exchange Commission (the "SEC"), do not require foreign private issuers that prepare their financial statements on the basis of IFRS (as published by the IASB) to reconcile such financial statements to generally accepted accounting principles in the United States of America ("U.S. GAAP"). As such, while Bachoco has in the past reconciled its consolidated financial statements prepared in accordance with Mexican Financial Reporting Standards (MFRS) to U.S. GAAP, those reconciliations are no longer presented in Bachoco's filings with the SEC.

Operating Perfomance

All figures discussed below are information for 2022, with comparative figures of 2021 and 2020 prepared in accordance with IFRS and presented in millions of pesos unless otherwise indicated. This information should be read in conjunction with our Audited Consolidated Financial Statements.

The financial information below is expressed in millions of pesos, except amounts per share or amounts per ADR, or unless otherwise indicated.

Operating Results 2022 vs 2021

NET REVENUES BY OPERATING SEGMENTS
In millions of pesos

	2022		2021		Change	
	$	%/net revenues	$	%/net revenues	$	%
Net Revenues	**98,890.7**	**100.0**	**81,699.1**	**100.0**	**17,191.6**	**21.0**
Poultry	84,373.5	85.3	71,647.7	87.7	12,725.7	17.8
Others	14,517.2	14.7	10,051.3	12.3	4,465.8	44.4

In 2022, net revenue totaled $98,890.7 million, $17,191.6 million or 21.0% more than the $81,699.1 million reported in the same period in 2021. The net revenue increase is mainly attributed to:

- an increase net revenue of poultry products of 17.8% in 2022 as compared to 2021, mainly as a result of an 18.0% increase in poultry prices, which was partially offset by a decrease of 0.2% in volume sold. The increase in prices was observed both in Mexico and the U.S.
- an increase in net revenue of the "others" segment of 44.4% in 2022 as compared to 2021, mainly as a result of a 36.2% increase in price and a 8.2% increase in volume sold, mainly due to the integration of RYC alimentos.

In 2022, net revenue of our U.S. operations represented 25.5% of our net revenue, compared with 24.9% in 2021.

The following table sets forth a breakdown of our cost of sales for each of the periods indicated:

COST OF SALES

	2022		2021		Change	
	$	%/sales	$	%/sales	$	%
Cost of sales	**82,032.8**	**83.0**	**68,356.7**	**83.7**	**13,676.1**	**20.0**
Poultry	69,183.4	70.0	59,195.3	72.5	9,988.1	16.9
Others	12,849.4	13.0	9,161.4	11.2	3,688.0	40.3

Our total cost of sales increased $13,676.1 million or 20.0% in 2022, when compared to 2021. This increase was mainly attributable to higher unit cost related to higher raw material prices both in U.S. dollars and in Mexican peso terms given the significant increase in corn and soybean meal prices.

The largest single component of our cost of sales is the cost related to our balanced feed raw materials, which has accounted for approximately 69% of our total cost of sales in the last three years. . The main components of our balanced feed raw materials are corn, sorghum and soybean meal and all of the components of raw materials are subject to high volatility caused by supply, weather conditions and exchange rates, among others.

Besides balanced feed costs, the cost of sales includes other factors such as salaries and wages and energy costs. These two factors represented approximately 9% and 4% of our total cost of sales, respectively.

There are many other factors with much smaller contributions to the overall cost of sales. All of these secondary factors individually registered immaterial changes from 2022 to 2021.

GENERAL, SELLING AND ADMINISTRATIVE EXPENSES

	2022		2021		Change	
	$	%/net revenues	$	%/net revenues	$	%
Total SG&A	**8,506.3**	**8.6**	**7,127.8**	**8.7**	**1,378.5**	**19.3**

In 2022, general, selling and administrative expenses totaled $8,506.3 million, compared to the $7,127.8 million reported in 2021, representing an increase of $1,378.5 million or 19.3%. Approximately 1.7% of this increase was attributable to more volume sold in our Others segment and the remaining due to a higher unit expense. This increase was mainly related to higher cost of fuel and labor expenses.

In 2022 and 2021, our general, selling and administrative expenses represented 8.6% and 8.7% of net revenue, respectively. The main components that comprised our general, selling and administrative expenses in the past three years are the following: freight and transportation equipment expenses (about 40%), labor (about 35%) and publicity (about 2%), with no significant variation in these percentages.

OTHER (EXPENSE) INCOME NET

	2022		2021		Change	
	$	%/net revenue	$	%/net revenues	$	%
Other (expense) income net	**34.3**	**0.0**	**(322.8)**	**(0.4)**	**357.1**	**(110.6)**

Other (expense) income includes mainly the gains and losses on sales of by-products, sales of hens, asset disposal and sales of unused fixed assets.

Other (expense) income net in 2022 is comprised of $1,579.1 million of other income, which was partially offset by other expenses of $1,544.8 million, as compared to other income of $1,076.6 million and other expense of $1,399.4 million in 2021. These results were primarily driven by an increase in our sales of biological asset scraps, raw materials and by-products compared to 2021.

OPERATING INCOME

	2022	2021	Change

	$	%/net revenue	$	%/net revenue	$	%
Operating income	**8,385.9**	**8.5**	**5,891.9**	**7.2**	**2,494.0**	**42.3**

Operating income in 2022 totaled $8,385.9 million, an increase compared to the operating income of $5,891.9 million reached in 2021. The increase in operating income was mainly due to higher prices in all of our operating segments and higher volume sold in Others, as described above.

The operating margin in 2022 and 2021 was 8.5% and 7.2%, respectively.

NET FINANCE INCOME (EXPENSES)

	For the year ended December 31				Change	
	2022 $	% over net revenues	2021 $	% over net revenues	$	%
Net finance income (expenses)	**(301.7)**	**(0.3)**	**849.9**	**1.0**	**(1,151.6)**	**(135.5)**
Financial income	859.2		1,117.4		(258.2)	(23.1)
Financial expense	1,160.9		267.5		893.4	334.0

In 2022, we reported net financial expenses of $301.7, which compares to net financial income of $849.9 million in 2021. The year-to-year difference was related to the appreciation of the Mexican peso vs the U.S. dollar resulting in a higher financial expenses for the year.

Financial income of $859.2 million in 2022 was mainly attributable to a $849.8 million of interest income. This financial income was offset by a financial expense of $1,160.9 million, which was mainly driven by $622.3 million in foreign currency exchange loss, $258.5 million in interest expense and interest paid on leases and $266.5 million in other financial expenses.

For more details, see Note 29 to our Audited Consolidated Financial Statements.

TOTAL INCOME TAXES

	For the year ended December 31,		Change	
	2022 $	2021 $	$	%
Total income taxes (benefit) expense	**2,036.4**	**1,807.6**	**228.7**	**12.7**
Current income tax	1,188.0	1,790.6	(602.6)	(33.7)
Deferred income tax	848.4	17.0	831.4	n/a

The table above presents the fiscal situation of the Company in each of the periods indicated, which are described in greater detail in Note 21 of our Audited Consolidated Financial Statements included in this document.

In 2022, total income tax expense was $2,036.4 million, compared to income tax expense of $1,807.6 million in 2021. This increase was mainly attributable to a $94.1 million decrease in current income tax. The increase is mainly attributable to $402.7 million more in expected expense. This was partially offset by decreases in the following items: $85.9 million in the tax effect of net inflation and $64.9 million in the effect of the difference in rates for foreign subsidiaries.

The effective income tax rate was 25.0% in 2022 and 27.0% in 2021.

PROFIT FOR THE YEAR

	For the years ended December 31,		Change	
	2022 $	2021 $	$	%
Profit for the year:	**6,047.8**	**4,934.1**	**1,113.7**	**22.6**

Profit attributable to Controlling interest	6,114.2	5,065.6	1,048.6	20.7
Profit attributable to Non-controlling interest	(66.4)	(131.5)	65.1	(49.5)
Basic and diluted earnings per share(1)	10.20	8.45	1.75	20.77
Net income per ADR(1)	122.41	101.36	21.05	20.77

[1] **In pesos**

As a result of the factors detailed above, our profit for the year 2022 totaled $6,047.8 million, or $10.20 per basic and diluted share ($122.41 per ADR), which represents a $1,113.7 million or 22.6% increase compared to the $4,934.1 in profit of the year or $8.45 per basic and diluted share ($101.36 per ADR) reported in 2021.

Our consolidated net margin in 2022 was 6.1% compared to a consolidated net margin of 6.0% in 2021.

EBITDA RESULT

	For the years ended December 31,			
	2022	**2021**	**Change**	
	$	**$**	**$**	**%**
Profit of the year	6,047.8	4,934.1	1,113.7	22.6
Income taxes	2,036.4	1,807.6	228.7	12.7
Net finance income	301.7	(849.9)	1,151.6	(135.5)
Depreciation and amortization	1,812.7	1,463.8	348.9	23.8
EBITDA result	**10,198.6**	**7,355.7**	**2,843.0**	**38.7**
EBITDA margin (%)	**10.3%**	**9.0%**	—	—

EBITDA result in 2022 and 2021 reached $10,213.5 and $7,355.7 million, respectively, representing an EBITDA margin of 10.3% and 9.0%, respectively.

Operating Results 2021 vs 2020

All figures discussed below are information for 2021, with comparative figures for 2020 and 2019 prepared in accordance with IFRS and presented in millions of pesos unless otherwise indicated. This information should be read in conjunction with our audited consolidated financial statements.

The financial information below is expressed in millions of pesos, except amounts per share or amounts per ADR, or unless otherwise indicated.

NET REVENUES BY OPERATING SEGMENTS

In millions of pesos

	2021		**2020**		**Change**	
	$	**%/net revenues**	**$**	**%/net revenues**	**$**	**%**
Net Revenues	**81,699.1**	**100.0**	**68,792.0**	**100**	**12,907.1**	**18.8**
Poultry	71,647.7	87.7	61,323.9	89.1	10,194.3	16.6
Others	10,051.3	12.3	7,468.1	10.9	2,712.8	36.3

In 2021, net revenue totaled $81,699.1 million, $12,907.1 million or 18.8% more than the $68,792.0 million reported in the same period in 2020. The net revenue increase is mainly attributed to:

- an increase net revenue of poultry products of 16.8% in 2021 as compared to 2020, mainly as a result of an 17.0% increase in poultry prices, which was partially offset by a decrease of 0.2% in volume sold. The increase in prices was observed both in Mexico and the U.S.

- an increase in net revenue of the "others" segment of 34.6% in 2021 as compared to 2020, mainly as a result of a 29.8% increase in price and a 4.8% increase in volume sold.

In 2021, net revenue of our U.S. operations represented 24.9% of our net revenue, compared with 28.3% in 2020.

The following table sets forth a breakdown of our cost of sales for each of the periods indicated:

COST OF SALES

	2021		2020		Change	
	$	%/sales	$	%/sales	$	%
Cost of sales	**68,356.7**	**83.7**	**57,707.6**	**83.9**	**10,649.1**	**18.5**
Poultry	59,195.3	72.5	51,165.7	74.4	8,029.6	15.7
Others	9,161.4	11.2	6,541.9	9.5	2,619.5	40.0

Our total cost of sales increased $10,649.1 million or 18.5% in 2021, when compared to 2020. This increase was mainly attributable to higher unit cost related to higher raw material prices in peso terms given the significant increase in corn and soybean meal prices in U.S. dollar terms.

The largest single component of our cost of sales is the cost related to our balanced feed raw materials, which has accounted for approximately 67% of our total cost of sales in the last three years. The main components of our balanced feed raw materials are corn, sorghum and soybean meal and all of the components of raw materials are subject to high volatility caused by supply, weather conditions and exchange rates, among others.

Besides balanced feed costs, the cost of sales includes other factors such as salaries and wages and energy costs. These two factors represented approximately 9% and 4% of our total cost of sales, respectively.

There are many other factors with much smaller contributions to the overall cost of sales. All of these secondary factors individually registered immaterial changes from 2021 to 2020.

GENERAL, SELLING AND ADMINISTRATIVE EXPENSES

	2021		2020		Change	
	$	%/net revenues	$	%/net revenues	$	%
Total SG&A	**7,127.8**	**8.7**	**6,420.4**	**9.3**	**707.4**	**11.0**

In 2021, general, selling and administrative expenses totaled $7,127.8 million, compared to the $6,420.4 million reported in 2020, representing an increase of $707.4 million or 11.0%. Approximately 1% of this increase was attributable to more volume sold in our Others segment and the remaining due to a higher unit expense. This increase was mainly related to higher cost of fuel and labor and traveling expenses.

In 2021 and 2020, our general, selling and administrative expenses represented 8.7% and 9.3% of net revenue, respectively. The main components that comprised our general, selling and administrative expenses in the past three years are the following: freight and transportation equipment expenses (about 40%), labor (about 35%) and publicity (about 2%), with no significant variation in these percentages.

OTHER (EXPENSE) INCOME NET

	2021		2020		Change	
	$	%/net revenue	$	%/net revenues	$	%
Other (expense) income net	**(322.8)**	**(0.4)**	**(362.5)**	**(0.5)**	**39.7**	**(11.0)**

Other (expense) income includes mainly the gains and losses on sales of by-products, sales of hens, asset disposal and sales of unused fixed assets.

Other (expense) income net in 2021 is comprised of $1,076.6 million of other income, which was more than was offset by other expenses of $1,399.4 million, as compared to other income of $956.9 million and other expense of $1,319.4 million in 2020. These results were primarily driven by an increase in cost of disposal of biological assets, raw materials, by-products and other, which was partially offset by an increase in our sales of biological asset scraps, raw materials and by-products.

OPERATING INCOME

	2021		2020		Change	
	$	%/net revenue	$	%/net revenue	$	%
Operating income	**5,891.9**	**7.2**	**4,301.5**	**6.3**	**1,590.3**	**37.0**

Operating income in 2021 totaled $5,891.9 million, an increase compared to the operating income of $4,301.5 million reached in 2020. The increase in operating income was mainly due to higher prices in all of our operating segments and higher volume sold in Others, as described above.

The operating margin in 2021 and 2020 was 7.2% and 6.3%, respectively.

NET FINANCE INCOME (EXPENSES)

	For the year ended December 31				Change	
	2022 $	% over net revenues	2021 $	% over net revenues	$	%
Net finance income (expenses)	**849.9**	**1.0**	**882.2**	**1.3**	**(32.3)**	**(3.7)**
Financial income	1,117.4		1,173.5		(56.1)	(4.8)
Financial expense	267.5		291.3		(23.8)	(8.2)

In 2021, we reported net financial income of $849.9, a 3.7% decrease compared to net financial income of $882.2 million in 2020. The relatively small year-to-year variation was a result of a fairly stable exchange rate during 2021.

Financial income of $1,117.4 million in 2021 was mainly attributable to a $591.0 million of interest income and $519.8 million in foreign currency exchange gain. This financial income was partially offset by a financial expense of $267.5 million, which was mainly driven by $136.0 million in interest expense and interest paid on leases and $130.0 million in other financial expenses.

For more details, see Note 29 to our Audited Consolidated Financial Statements.

The following table sets forth our tax position for each of the periods indicated and is described in more detail in Note 21 to our Audited Consolidated Financial Statements included herein:

TOTAL INCOME TAXES

	For the year ended December 31,		Change	
	2021 $	2020 $	$	%
Total income taxes (benefit) expense	**1,807.6**	**1,211.6**	**596.0**	**49.2**
Current income tax	1,790.6	1,321.0	469.6	35.5
Deferred income tax	17.0	(109.4)	126.5	n/a

In 2021, total income tax expense was $1,807.6 million, compared to income tax expense of $1,211.6 million in 2020. This increase was mainly attributable to a $469.6 million increase in current income tax, which in turn was primarily due to an increase in our operating income in 2021. On the other hand, deferred income taxes increased by $126.5 million, primarily due to increases in deferred tax liabilities related to prepaid expenses and inventories respectively; partially offset by a decrease on deferred tax assets related to accounts payable.

The effective income tax rate was 27.0% in 2021 and 23.0% in 2020.

PROFIT FOR THE YEAR

	For the years ended December 31,		Change	
	2021	2020		
	$	$	$	%
Profit for the year:	**4,934.1**	**3,972.1**	**962.0**	**24.2**
Profit attributable to Controlling interest	5,065.6	3,935.7	1,129.9	28.7
Profit attributable to Non-controlling interest	(131.5)	36.4	(167.9)	(460.9)
Basic and diluted earnings per share(1)	8.45	6.56	1.88	28.73
Net income per ADR(1)	101.36	78.74	22.62	28.73

(1) In pesos.

As a result of the factors detailed above, our profit for the year 2021 totaled $4,934.1 million, or $8.45 per basic and diluted share ($101.36 per ADR), which represents a $962.0 million or 24.2% increase compared to the $3,972.1 in profit of the year or $6.56 per basic and diluted share ($78.74 per ADR) reported in 2020.

Our consolidated net margin in 2021 was 6.0% compared to a consolidated net margin of 5.8% in 2020.

EBITDA RESULT

	For the years ended December 31,		Change	
	2021	2020		
	$	$	$	%
Profit of the year	4,934.1	3,972.1	962.0	24.2
Income taxes	1,807.6	1,211.6	596.0	49.2
Net finance income	(849.9)	(882.2)	32.3	(3.7)
Depreciation and amortization	1,463.8	1,735.1	(271.3)	(15.6)
EBITDA result	**7,355.7**	**6,036.7**	**1,319.0**	**21.8**
EBITDA margin (%)	**9.0%**	**8.8**	**—**	**—**

EBITDA result in 2021 and 2020 reached $7,355.7 and $6,036.7 million, respectively, representing an EBITDA margin of 9.0% and 8.8%, respectively.

Financial situation, liquidity and capital resources:

Liquidity and Capital Resources 2022 vs 2021

We are a holding company with no significant operations of our own, and we receive dividends from our operating subsidiaries from time to time. Our principal sources of liquidity are:

- The net revenue of our products through our subsidiaries in the Mexican and U.S. markets;

- Credit lines we use from time to time; as of December 31, 2022 and 2021, the unused credit lines of the Company totaled $9,333.6 million and $9,935.4 million, respectively. The Company did not pay any commission or charge for the unused credits.

- The current Mexican bond issuance program available until August 2025. For more details, please refer to Item 12 ("Description of Securities Other than Equity Securities") of this Annual Report.

TOTAL CASH, CASH EQUIVALENTS, INVESTMENT IN SECURITIES AND DERIVATIVES FINANCIAL INSTRUMENTS

	As of December 31,		Change	
	2022	**2021**		
	$	**$**	**$**	**%**
Total cash, cash equivalents, and investment in securities and derivative financial instruments	**20,080.6**	**20,776.8**	**(696.2)**	**(3.3)**
Cash and cash equivalents	18,698.8	19,136.4	(437.6)	(2.2)
Investment in securities at fair value through profit or loss	206.7	10.8	195.9	1,813.8
Investment in securities at fair value through other comprehensive income	1,143.9	1,559.8	(415.9)	(26.6)
Derivative financial instruments	31.2	69.8	(38.6)	(55.3)

In 2022, cash and cash equivalents, investments in securities at fair value through profit or loss and through other comprehensive income totaled $20,080.6 million, $696.2 million or 3.3% less than the $20,776.8 million recorded in 2021, the decrease was related valuation in our U.S. dollars position of our portfolio as a result of the appreciation of the Mexican peso. Of this total amount, $245.0 million corresponded to cash and cash equivalents from our U.S. operations.

ACCOUNTS RECEIVABLE, NET

	As of December 31,		Change	
	2022	**2021**		
	$	**$**	**$**	**%**
Total accounts receivable, net	**5,953.9**	**5,108.2**	**845.7**	**16.5**

In 2022 accounts receivable, net increased $845.7 million, or 16.5%, when compared to 2021. This is mainly due to increases of $673.1 million in trade receivables and $721.9 million on income tax receivable. This was partially offset by a $555.6 million decrease in recoverable value-added.

For more detail, please see Note 9 of the Audited Consolidated Financial Statements.

TRADE PAYABLE AND OTHER ACCOUNTS PAYABLE

	As of December 31,		Change	
	2022	**2021**		
	$	**$**	**$**	**%**
Trade payable and other accounts payable	**8,886.8**	**10,015.3**	**(1,128.4)**	**(11.2)**

In 2022, trade payable and other accounts payable decreased $1,128.4 million or 11.2% when compared to 2021. This decrease is mainly due to $1,685.4 million less in trade payables, partially offset by $432.0 million in provisions.

For more detail, please see Note 19 of the Audited Consolidated Financial Statements.

TOTAL DEBT

	As of December 31,		Change	
	2022	2021		
	$	$	$	%
Total debt	**4,192.0**	**1,993.9**	**2,198.1**	**110.2**
Short-term debt and current portion of long-term debt	1,181.5	1,993.9	(812.4)	(40.7)
Long-term debt(1)	-	-	-	
Short-term debt (Local bond issue)	-	-	-	-
Long-term debt (Local bond issue)	3,010.5	-	3,010.5	n.a.

(1) Includes notes payable to banks and current portion of long-term debt

(2) Does not include current installments of long-term debt.

As of December 31, 2022, total debt was $4,192.0 million, an increase of $2,198.1 million or 110.2% when compared to $1,993.9 million of total debt as of December 31, 2021. This increase was mainly due to the issuing of a $3,000.0 million local bond due in August 2025.

As of December 31, 2022 and 2021, we had $3,010.5 million and $0.0 million in current portion of long-term debt, respectively.

The weighted average interest rates on long-term debt, for years 2022 and 2021 were 8.22% and 4.90%, respectively.

Our long-term debt consists of a Mexican bond issuance of $3,000.0 million in Augusto of 2022, due in 2025. This bond accrues interest at the reference rate of 28-day TIIE ("Equilibrium Interbank Interest Rate"), plus accruing interest at TIIE + 0.07%. The funds obtained were primarily used for liability management purposes as we used the proceeds to repay the bonds we issued in 2017, due in 2022.

For details of maturity of our debt and the prevailing interest rates, see Note 18 of our Audited Consolidated Financial Statements.

WORKING CAPITAL

In millions of pesos	As of December 31,			
	2022	2021	Change	
	$	$	$	%
Working Capital	**29,366.6**	**25,010.3**	**4,356.3**	**17.4**
Total current assets	40,033.8	37,845.6	2,188.2	5.7
Total current liabilities	10,667.2	12,835.3	(2,168.1)	(16.8)

The working capital in the table above was calculated as current assets minus current liabilities.

In 2022, our working capital increased $4,356.3 million or 17.4% when compared to year 2021. Regarding current assets, we had $2,446.4 million increase in inventories. Regarding current liabilities, the main decreases were: $1,128.4 million accounts payable, $812.4 million in financial debt and $308.2 million in tax payable.

We believe our current level of working capital is sufficient for the regular course of our operations. Nevertheless, our working capital needs may be susceptible to change, as they depend mainly on the cost of our main raw materials, which affect our inventory cost, and on the amount of trade payable and other accounts payable. Our working capital can also change from one quarter to another as the cost of buying domestic raw material depends of the given harvest season.

Liquidity and Capital Resources 2021 vs 2020

We are a holding company with no significant operations of our own, and we receive dividends from our operating subsidiaries from time to time. Our principal sources of liquidity are:

- The net revenue of our products through our subsidiaries in the Mexican and U.S. markets;

- Credit lines we use from time to time; as of December 31, 2021 and 2020, the unused credit lines of the Company totaled $9,935.4 million and $6,919.6 million, respectively. The Company did not pay any commission or charge for the unused credits.

The current Mexican bond issuance program available until August 2022. For more details, please refer to Item 12 (“Description of Securities Other than Equity Securities”) of this Annual Report

TOTAL CASH, CASH EQUIVALENTS, INVESTMENT IN SECURITIES AND DERIVATIVES FINANCIAL INSTRUMENTS

	As of December 31,		Change	
	2021	2020		
	$	$	$	%
Total cash, cash equivalents, and investment in securities and derivative financial instruments	**20,776.8**	**19,242.3**	**1,534.5**	**7.9**
Cash and cash equivalents	19,136.4	17,286.3	1,850.1	10.7
Investment in securities at fair value through profit or loss	10.8	1,018.3	(1,007.5)	(98.9)
Investment in securities at fair value through other comprehensive income	1,559.8	937.7	622.1	66.3
Derivative financial instruments	69.8	0.0	69.8	n/a

In 2021, cash and cash equivalents, investments in securities at fair value through profit or loss and through other comprehensive income totaled $20,776.8 million, $1,534.5 million or 7.9% more than the $19,242.3 million recorded in 2020, the increase was related to our improved operating results in 2021 as compared to 2020 and our strategy of having a mix of U.S. dollars and Mexican pesos in our portfolio (so that we are less susceptible to movements in the U.S. dollar/Mexican peso exchange rate). Of this total amount, $174.0 million corresponded to cash and cash equivalents from our U.S. operations.

ACCOUNTS RECEIVABLE, NET

	As of December 31,		Change	
	2021	2020		
	$	$	$	%
Total accounts receivable, net	**5,108.2**	**4,366.0**	**742.1**	**16.9**

In 2021 accounts receivable, net increased $742.1 million, or 16.9%, when compared to 2020. This is mainly due to increases of $412.8 million in recoverable value-added tax and $390.5 million in trade receivables as a result of higher net revenue in 2021.

For more detail, please see Note 9 of the Audited Consolidated Financial Statements.

TRADE PAYABLE AND OTHER ACCOUNTS PAYABLE

	As of December 31,		Change	
	2021	2020		
	$	$	$	%
Trade payable and other accounts payable	**10,015.3**	**5,753.1**	**4,261.1**	**74.0**

In 2021, trade payable and other accounts payable increased $4,262.1 million or 74.0% when compared to 2020. This increase is mainly due to a $3,606.1 million in trade payables, an increase of $321.9 million in sundry creditors and expenses payable and an increase of $229.7 million in statutory employee profit sharing. These increases are largely related to the higher cost of raw materials, such as corn and soybean meal.

For more detail, please see Note 19 of the Audited Consolidated Financial Statements.

TOTAL DEBT

	As of December 31,		Variación	
	2021	2020		
	$	$	$	%
Total debt	**1,993.9**	**2,518.0**	**(524.1)**	**(20.8)**
Short-term debt and current portion of long-term debt	1,993.9	1,057.6	71936.4	(88.5)
Long-term debt(1)	-	-		
Short-term debt (Local bond issue)				
Long-term debt (Local bond issue)	-	1,460.4	(1,460.4)	(100.0)

(1) Includes notes payable to banks and current portion of long-term debt.
(2) Does not include current installments of long-term debt.

As of December 31, 2021, total debt was $1,993.9 million, a decrease of $524.1 million or 20.8% when compared to $2,518.0 million of total debt as of December 31, 2020. This decrease was mainly due to a $39.0 million dollar loan becoming due in 2021

Our long-term debt consists of a Mexican bond issuance of $1,500.0 million in the third quarter of 2017, due in 2022. This bond accrues interest at the reference rate of 28-day TIIE ("Equilibrium Interbank Interest Rate"), plus accruing interest at TIIE + 0.31%. The funds obtained were primarily used for liability management purposes as we used the proceeds to repay the bonds we issued in 2012, due in 2017.

For details of maturity of our debt and the prevailing interest rates, see Note 18 of our Audited Consolidated Financial Statements.

WORKING CAPITAL

En millones de pesos	As of December 31,			
	2021	2020	Change	
	$	$	$	%
Working Capital	**25,010.3**	**24,406.2**	**604.1**	**2.6**
Total current assets	37,845.6	32,586.0	5,259.6	16.1
Total current liabilities	12,835.3	8,179.8	4,655.5	56.9

The working capital in the table above was calculated as current assets minus current liabilities.

In 2021, our working capital increased $604.1 million or 2.6% when compared to year 2020, due primarily to increases in our inventories and accounts receivable, net.

We believe our current level of working capital is sufficient for the regular course of our operations. Nevertheless, our working capital needs may be susceptible to change, as they depend mainly on the cost of our main raw materials, which affect our inventory cost, and on the amount of trade payable and other accounts payable. Our working capital can also change from one quarter to another as the cost of buying domestic raw material depends of the given harvest season.

PURCHASES OF PROPERTY, PLANT AND EQUIPMENT
In millions of pesos, for the years ended December 31,

	2022	2021	2020
	$	$	$
Purchases of property, plant and equipment	4,840.8	3,479.5	2,752.3

Most of the purchases of property, plant and equipment in the past years were financed with cash flows generated from our own operations.

In 2022, we made capital expenditures of $4,840.8 million, which were mainly allocated towards (i) our organic growth plans by investing in projects that will make our processes more efficient as well as alleviating bottlenecks and in the replacement of part of equipment in all of our facilities (ii) part of our acquisition of RYC Alimentos.

In 2021, we made purchases of property, plant and equipment of $3,479.5 million, an increase when compared to the $2,752.3 million spent in 2020. Purchases of property, plant and equipment made in 2021 were mainly allocated towards organic growth and productivity projects and maintenance.

In 2020, we made purchases of property, plant and equipment of $2,752.3 million, an increase when compared to the $2,069.3 million spent in 2019. Purchases of property, plant and equipment made in 2020 were mainly allocated towards productivity projects, the replacement of part or our transportation fleet and other equipment across our facilities, as well as our organic growth plans.

The Company plans to carry out several projects, primarily in Mexico, to gradually increase our poultry production over the course of the next few years.

See Note 14 of our Audited Consolidated Financial Statements for more details.

LEASES

In millions of pesos, for the years ended December 31,

	2022	**2021**	**2020**
	$	**$**	**$**
Lease expense	184.4	156.6	119.6

Lease expense in 2022 and 2021 includes contracts classified as low value or those with terms of less than twelve months.

During 2022, 2021 and 2020, we entered into leases for certain offices, production sites, computer equipment and vehicles. These agreements have terms ranging between one and five years and some of them contain renewal options.

As of December 31, 2022, under IFRS 16, total lease liabilities were $569.6 million; comprised of current lease liabilities of $350.6 million and long term lease liabilities of $219.0 million.

See Note 24 (b) to our Audited Consolidated Financial Statements for more information.

Internal Control:

Disclosure of Controls and Procedures

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2022. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, as of December 31, 2021, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective to provide reasonable assurance, that information required to be disclosed in the reports we file and submit under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining internal control over financial reporting as defined in Rules 13a-15(f) and 15d- 15(f) under the Exchange Act. The 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 IFRS, and:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that our receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our 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 tha t misstatements due to error or fraud may occur that are not detected. Effective control over financial reporting cannot, and does not, provide absolute assurance of achieving our control objectives. Also, any evaluation of effectiveness to future periods is 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.

Management including our current Principal Executive Officer and Principal Financial Officer assessed the design and effectiveness of the Company's internal control over financial reporting as of December 31, 2022. In making this assessment, management uses the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in its 2013 Internal Control—Integrated Framework.

Based on this assessment, management concluded that, as of December 31, 2022, the Company's internal control over financial reporting is effective based on such criteria.

Estimates, provisions or critical accounting reserves:

The accompanying consolidated financial statements were prepared on the historical cost basis (historical cost is generally based on the fair value of the consideration given in exchange for goods and services), except for the following items in the consolidated statement of financial position, which are measured at fair value:

- Derivative financial instruments for trading and hedging, and investment in securities at fair value through profit or loss and investment in securities at fair value through other comprehensive income
- Biological assets

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and significant assumptions are reviewed on an ongoing basis. Changes in estimates are recognized in the period in which they occur and in any future periods affected.

The following are the critical accounting estimates and assumptions in the application of the Company's accounting policies, which are significant to the amounts recognized in the consolidated financial statements.

Critical accounting judgments

Fair value of biological assets

The Company estimates the fair value of biological assets as the price that would be received or paid in an orderly transaction between market participants at the measurement date. As part of the estimate, the Company considers the maturity periods of such assets, the necessary time span for the biological assets to reach a productive stage, as well as future economic benefits obtained.

The balance of current biological assets includes hatching eggs, growing pigs and growing poultry, while the balance of non-current biological assets includes poultry in its different production stages, and breeder pigs.

Non-current biological assets are valued at production cost less accumulated depreciation or accumulated impairment losses, as there is no observable or reliable market for such assets. Additionally, the Company believes that there is no reliable method for measuring the fair value of non-current biological assets. Current biological assets are valued at fair value when there is an observable market, less estimated selling expenses.

Business combinations or acquisition of assets

Management uses its professional judgment to determine whether the acquisition of a group of assets constitutes a business combination or acquisition of assets in accordance with IFRS. This determination may have a significant impact in how the acquired assets and assumed liabilities are accounted for, both on initial recognition and subsequent thereto.

Aggregation of operating segments

The Company's chicken and egg operating segments are aggregated to present one reportable segment (Poultry) as they have similar products and services, production processes, classes of customers, methods used for distribution, the nature of the regulatory environment in which they operate, and similar economic characteristics as evidenced by similar 5 trends in average gross profit margins. These factors are evaluated at least annually.

Estimación de la tasa de descuento para calcular el valor presente de los pagos de renta mínimos futuros

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

The Company uses a two-level model, with which it determines the elements that make up the discount rate: (i) reference rate, and (ii) credit risk component. In such model, Management also considers its policies and practices to obtain financing, distinguishing between borrowings obtained at the corporate level (that is, by the holding company), or at the level of each subsidiary. Finally, for real estate leases, or in which there is significant and observable evidence of their residual value, the Company estimates and evaluates an adjustment for the characteristics of the underlying asset, taking into account the possibility that such asset may be granted as collateral or guarantee against the risk of default.

Estimate of the term of the lease contracts

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

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

Key sources of estimation uncertainty on the application of accounting policies

Assessments to determine the recoverability of deferred tax assets

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

Useful lives and residual values of property, plant and equipment

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

Useful lives and residual values are reviewed periodically at least once a year, based on the current conditions of the assets and the estimate of the period during which they will continue to generate economic benefits to the Company. If there are changes in the related estimate, measurement of the net carrying amount of assets and the corresponding depreciation expense are affected prospectively.

Measurements and disclosures at fair value

Fair value is a measurement based on the price a market participant would be willing to receive to sell an asset or pay to transfer a liability, and is not a measure specific to the Company. For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information may not be available. However, the purpose of a measurement at fair value in both cases is to estimate the price at which an orderly transaction to sell the asset or to transfer the liabilities would be carried out among the market participants at the date of measurement under current market conditions.

When the price of an identical asset or liability is not observable, the Company determines the fair value using another valuation technique which maximizes the use of relevant observable information and minimizes the use of unobservable information. As the fair value is a measurement based on the market, it is measured using the assumptions that market participants would use when they assign a price to an asset or liability, including assumptions about risk.

Impairment of long-lived assets and goodwill

The carrying amount of long-lived assets is reviewed for impairment when situations or changes in circumstances indicate that it is not recoverable, except for goodwill which is reviewed on an annual basis. If there are indicators of impairment, a review is carried out to determine whether the carrying amount exceeds its recoverable value and whether it is impaired. The recoverable value is the highest of the asset's fair value, less selling costs, and its value in use which is the present value of the future estimated cash flows generated by the asset. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the asset and/or from the cash-generating unit and an appropriate discount rate in order to calculate present value

Employee retirement benefits

The Company uses assumptions to determine the best estimate for its employee retirement benefits. Assumptions and estimates are established in conjunction with independent actuaries. These assumptions include: demographic hypotheses, discount rates and expected increases in remunerations and future employee service periods, among others. Although the assumptions are deemed appropriate, a change in such assumptions could affect the value of the employee benefit liability and the results of the period in which it occurs.

Expected credit losses on accounts receivable

The expected credit losses on financial assets are estimated using a provision matrix based on the Company's historical experience of credit losses, adjusted for factors that are specific to each of the Company's customer and debtor groups, general economic conditions and Management's assessment both current and forecast conditions as of the reporting date, including the value of money when applicable..

Contingencias

A contingent liability is defined as:

- A possible obligation that arises from past events and whose existence can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or

- A present obligation that arises from past events but is not recognized because:
    a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b. the amount of the obligation cannot be measured with sufficient reliability.

The assessment of such contingencies requires the exercise of significant judgments and estimates on the possible outcome of those future events. The Company assesses the probability of loss arising from lawsuits and other contingencies with the assistance of its legal advisors. These estimates are reconsidered periodically at each reporting period.

Incertidumbres

Pandemics or disease outbreaks, such as the novel coronavirus (“COVID-19”), may alter consumption and trade patterns, supply chains, and production processes, which could affect the Company’s business and results of operations.

COVID

In March 2020, the World Health Organization declared the COVID-19 a Global pandemic. As a result, measures established by the federal, state and local authorities in Mexico and the United, that required the forced closure of certain activities considered non-essential (businesses, non-essential government agencies, educational sector, among others) which negatively affected the operations of some of the Company's customers.

Currently globally we continue to experience the impacts of the COVID-19 pandemic, the variants and their peak waves of contagion challenged us. During 2021, the start of the global vaccination campaign which in the progressive reactivating economic and social activities. Authorities in Mexico and the United States continued to impose restrictive measures on mobility and economic reopening, although greater flexibility was undoubtedly observed as a result of progress in vaccination. This led to greater economic activity even in non-essential sectors.

During 2022, 2021 and 2020, Management performed an analysis to measure the financial impact on the Company derived from the possible effects of COVID 19, which included the following:

- Review of potential impairment of non-financial assets (including goodwill, right-of-use assets and property, plant and equipment) - Based on medium and long-term projections, a possible impairment in goodwill has not been identified in long-lived assets, except for intangible assets where an impairment of $18,930 and $5,459, was recognized during 2022 and 2021, respectively, in the United States subsidiary, see note 16.
- Inventory valuation - The Company has not had an impairment in the price of chicken and eggs. The Company qualified as an essential activity for which it has kept operations working normally, reinforcing sanitary measures in all work centers, in this way it has fulfilled its commitments to its customers. During 2022 there were no significant impacts, during 2021, the Hotel sector improved, but without reaching pre-pandemic levels and during 2020, the Hotel sector was the most affected in sales volume, for which the Company directed the volume to other channels such as self-services, rotisserie chains, public market and live chicken.
- During 2022, 2021 and 2020 in the acquisition of raw materials, even when there was volatility in the dollar exchange rate, the prices of the main raw materials such as corn and soybean paste were not affected in terms of cost and supply due to the pandemic, during 2020 in some other raw materials were delayed in shipments mainly due to logistical problems of ships in the ports of China, but without significantly affecting the Company's productive activities.
- Provision for expected losses - The estimate for expected credit losses was reviewed and based on this analysis, Management considered that the allowance for doubtful accounts is sufficient to support an increase in credit risk for certain clients. During 2022 there were no significant impacts, during certain months of the year 2021 and 2020, the level of the accounts receivable portfolio increased based on agreed terms and continues to be recovered considering the payment plans.
- Measurement at fair value - investments recognized at fair value consider all relevant market factors for their proper valuation.
- Breaches of agreements – The Company has fulfilled its commitments to suppliers and customers due to the fact that, as an essential sector, it has maintained its operations working normally, complying with the health protocols established by the competent authorities and due to its solid financial position.
- Going concern - The Company qualified as an essential activity in the markets it operates in and continues to operate normally with full operations in its farms, plants, distribution centers, logistics, supply chain and offices, despite partially working remotely in some of its corporate locations. Management has also implemented strict additional measures to guarantee the well-being of clients, suppliers and workers, as well as the quality and safety of its products, working in coordination with the health authorities and attending to all the recommendations issued by them.
- Labor relations have not been affected and no changes were made to contractual agreements with employees as the Company continues to operate normally.
- Liquidity risk management - The Company has sufficient liquidity to continue assuming its current and long-term commitments.
- Insurance recoveries related to business interruptions - The Company has insurance policies to cover business continuity, however, it is not expected that they will be used because it will continue to operate normally as it is considered to be an essential activity.
- Income tax considerations - So far, no adverse tax impact is anticipated as a result of the pandemic.

As the products that the Company manufactures and its industry is considered essential, there were no significant adverse effects on its consolidated position and financial performance resulting from COVID-19.

The impact of COVID-19 on the Company's operational and financial performance during 2022 and 2021 improved compared to 2020. In addition, the Company continues with the necessary measures to mitigate the residual risks caused by the pandemic.

As the date of issuance of the consolidated financial statements, the Company does not consider that it should substantially modify its budgets and / or financial projections or recognize significant losses in the valuation of its monetary and non-monetary assets. However, there is no guarantee that in the future the financial situation could be affected if the negative effects of the disruption to the national and global economy are significantly altered.

Labor Reform in Mexico

On April 23, 2021, various labor and tax provisions regarding labor subcontracting were published, which implied the elimination of the group's service providers, except in specific cases. Due to the foregoing, the Company in July 2021 carried out the employer substitution for the transfer of personnel from its service providers to its operating companies in which the employees directly participate, all these subsidiaries of Industrias Bachoco S.A.B. of C.V.

Due to the above in July 2021 the merger of these service providers with Bachoco S.A. de C.V. was carried out. As a result of the merger, there were no significant tax effects or significant effects on the labor liabilities of the pension plan.

Issuance of new IFRS

In the current year, the Company adopted a series of new and amended IFRS issued by the IASB which went into effect on January 1, 2022, as it relates to its consolidated financial statements.

Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments update IFRS 3 so that it can refer to the 2018 *Conceptual Framework* instead of the 1989 Framework. They also added a requirement that, for obligations within the scope of IAS 37, a buyer applies IAS 37 to determine whether the acquisition date is a present obligation or exists as a result of a past event. For liens that are within the scope of IFRIC 21 - Liens, the buyer applies IFRIC 21 to determine whether the obligation gives rise to a liability to pay the lien that occurred at the acquisition date.

Finally, the amendments add an explicit statement that the buyer will not recognize a contingent asset acquired from a business combination.

Its adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Amendments to IAS 16 - Property, Plant and Equipment - Economic benefits before the intended use.

The amendments prohibit the deduction from the cost of an asset of property, plant or equipment of any revenue from selling the asset after it is ready for use, for example, revenue while the asset is being brought to the location and the necessary refurbishment is being carried out to make it operable in the manner intended by management. Accordingly, an entity should recognize those sales revenues and costs in profit or loss. The entity measures the costs of these items in accordance with IAS 2 *Inventories*.

The amendments clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as an assessment in which the physical and technical performance of the asset is capable of being used in the production or supply of goods or services, for rental or other, or administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements must disclose the amounts of revenues and costs in income related to items that are not an outflow from the entity's ordinary activities in the line item(s) in the statement of comprehensive income where revenues and costs are included.

The modifications are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be able to operate as Management intends on or after the beginning of the period in which the entity's financial statements in which the modifications are first applied.

The Company shall recognize the cumulative effect of the initial application of the amendments as a balance sheet adjustment to retained earnings (or an appropriate component of equity) at the beginning of the earliest period presented.

Its adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Amendments to IAS 37 - Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'costs of fulfilling' a contract comprise 'costs directly related to the contract'. Costs that relate directly to a contract consist of incremental costs and costs of fulfilling a contract (e.g., labor or materials) and the allocation of other costs that relate directly to fulfilling a contract (such as the allocation of depreciation to items of property, plant and equipment to fulfill the contract).

The amendments apply to contracts in which the entity has not yet complied with all of its obligations at the beginning of the annual reporting period in which the entity applies the amendments for the first time. Comparatives should not be restated. Instead, an entity should recognize the cumulative effect of the initial application of the amendments as a balance sheet adjustment to retained earnings or such other component of equity, as appropriate, for the date of initial application.

The adoption of these amendments had no impact on the Company's consolidated financial statements.

Annual Amendments to IFRS standards 2018-2020

The Annual Amendments include amendments to four standards.

IFRS 1 *First-time Adoption of International Financial Reporting Standards*, the amendment provides additional relief for a subsidiary that adopts for the first time after its parent with respect to accounting for cumulative translation differences. As a result of the amendments, a subsidiary using the IFRS 1: D16(a) exception may now elect to measure the cumulative translation effects of foreign operations at the carrying amount that is included in the parent's consolidated statements, based on the parent's date of transition to IFRS, if there were no adjustments for consolidation procedures and for the effects of business combinations in which the parent acquired the subsidiary. A similar election is available for an associate or joint venture that uses the exception in IFRS 1: D16(a).

IFRS 9 *Financial Instruments*, the amendment clarifies that when applying the '10%' test to assess whether a financial liability should be derecognized, an entity includes only the paid fees or received between the entity (the borrower) and the lender, including paid fees or received by the entity or the lender. The amendments are applied prospectively to modifications or changes that occur on or after the date the entity first applies the amendment.

IFRS 16 *Leases*, the amendments eliminate the figure of reimbursement for leasehold improvements. As the amendments to IFRS 16 are only in respect of an illustrative example, no commencement date has been established.

IAS 41 *Agriculture*, the amendments remove the requirement in IAS 41 for entities to exclude cash flows for tax purposes when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 *Fair Value Measurement* to be consistent with cash flows and discount rates and allows preparers to determine whether cash flows and discount rates are used on a pre-tax or after-tax basis as is more appropriate to estimate fair value. The amendments are applied prospectively, i.e., the fair value measurement on or after the initial date of application of the amendments applied to the entity.

The adoption of these amendments had no impact on the Company's consolidated financial statements.

New IFRS issued but not yet effective

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

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or contribution of assets between an investor and its associate or joint venture
Amendments to IAS 1	Classification of liabilities as current or non-current.
IFRS practice statements 2	Disclosure of accounting policies
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12	Deferred taxes related to assets and liabilities arising from a single transaction.
Amendments to IAS 1	Classification of debt with covenants.

See Note 2(g) of our Audited Consolidated Financial Statements for more details.

Trade accounts receivable and other accounts receivable measurement and monitoring

It is the policy of the Company to establish an allowance for doubtful accounts to cover the balances of accounts receivable that are not likely to be recovered. To set the required allowance, the Company considers historical losses, assesses current market conditions, as well as customers' financial conditions, accounts receivable in litigation, price differences, portfolio aging and current payment patterns.

The impairment assessment of accounts receivable is performed on a collective basis, as there are no accounts with individually significant balances. The Company's products are marketed to a large number of customers without any significant concentration with a specific customer. As part of the objective evidence that an account receivable portfolio is impaired, the Company considers past experiences with respect to collection, increases in the number of overdue payments in the portfolio exceeding the average loan period, as well as observable changes in national and local economic conditions that correlate to defaults.

The Company has a credit policy under which each new customer is analyzed individually in terms of its creditworthiness before offering it payment terms and conditions. The Company's review includes internal and external assessments, and in some cases, bank references and a search in the Public Registry of Properties. For each customer, purchase limits are established, which represent the maximum credit amount. Customers that do not meet the Company's credit references can solely conduct transactions in cash or through advance payments.

The allowance for doubtful accounts includes trade accounts receivable that are in process of legal recovery, which amount to $159,613, $157,012 and $143,278 as of December 31, 2022, 2021 and 2020, respectively. The reconciliation of movements of the allowance for doubtful accounts, and the analysis of past-due accounts receivable but not impaired, are presented in note 9.

The Company receives credit enhancements on credit lines granted to its clients, which consist of real and personal property, such as land, buildings, houses, vehicles, letters of credit, cash deposits and others. As of December 31, 2022, 2021 and 2020, the fair value of such credit enhancements, determined by an appraisal at the time the credit lines were granted, is $667,322, $667,322 and $180,513, respectively.

The fair value of trade accounts receivable is similar to the carrying amount, as the terms granted under credit lines are of a short term nature and do not include significant finance components.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on average cost, and includes expenditures incurred for acquiring inventories, production or transformation costs, and other costs incurred for bringing them to their present location and condition.

Agricultural products derived from biological asses are processed chickens, processed pork, and commercial eggs.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale.

Cost of sales represents cost of inventories at the time of sale, increased, if applicable, by reductions in inventory to its net realizable value, if lower than cost, during the year.

The Company records the necessary reductions in the value of its inventories for impairment, obsolescence, slow movement and other factors that may indicate that the use or performance of the items that are part of the inventory may be lower than the carrying value.

Financial instruments and risk management

The Company is exposed to market risks, liquidity risks and credit risks for the use of financial instruments, for which reason it exercises its risk management.

This note presents information on the Company’s exposure to each one of the aforementioned risks, as well as the Company’s objectives, policies and processes for the measurement and management of financial risks

Risk management framework

The philosophy adopted by the Company seeks to minimize risks and, therefore maximize business stability, focusing decisions on creating an optimum combination of products and assets that produce a risk – return ratio more in agreement with the risk profile of its stockholders.

In order to establish a clear and optimal organizational structure with respect to risk management, a Risk Committee has been established which is the specialized body in charge of defining, proposing, approving and implementing the objectives, policies, procedures, methodologies and strategies, as well as the determination of the maximum limits of exposure to risk and contingency plans. Al 31 de diciembre de 2022, 2021 y 2020 la Compañía no ha identificado la existencia de derivados implícitos.

Some of the Company's derivative financial instruments as of December 31, 2022, 2021 and 2020 meet the requirements to be treated as hedging instruments for accounting purposes (188,296, 11,238 and 319,506 thousand U.S. dollars of notional amounts).

As of December 31, 2022 and 2021, the Company has no derivative trading instruments. Some of the Company's derivative financial instruments as of December 31, 2020 are recognized in earnings through profit or loss for accounting purposes (60,000 thousand U.S. dollars of notional amounts).

Exchange risk

The Company is exposed to the effects of exchange rate volatility, mainly in relation to Mexican pesos/dollars exchange rates on the Company's assets and liabilities, including: investments in securities and derivative financial instruments hedging commodities, which are denominated in a currency other than the Company's functional currency. In this regard, the Company has implemented a sensitivity analysis to measure the effects that currency risk may have over the assets and liabilities described.

The Company protects itself from exchange rate risk through economic hedging with derivative financial instruments, which cover a percentage of its estimated exposure to exchange rate volatility in relation to projected sale and purchase transactions. All instruments entered into as economic hedges of foreign exchange risk have maturities of less than one year from the contract date.

As of December 31, 2022, the Company has positions of derivative financial instruments on exchange rate hedging (40,000 thousand dollars of notional), During 2021 and 2020, the Company entered into derivative financial instrument positions as economic hedges to mitigate exchange rate risks.

DEBT IN FOREIGN CURRENCY 2022 vs 2021

	As of December 31,		Change	
	2022	**2021**		
	$	**$**	**$**	**%**
Short-term financial debt liabilities in foreign currency[1]	-	-	-	-

1 The foreign currency is U.S. dollars.

The Company's risk committee approves any change in policies and reviews the application of current policies.

At the end of 2022, we had dollar-denominated assets of $12,298.5 million pesos and liabilities of $2,782.5 million pesos, resulting in a net position of $9,516.0 million pesos (or $487.8 million dollars).

Para obtener más detalles, consulte la Nota 8 y la Nota 18 de nuestros Estados Financieros Consolidados Auditados.

DEBT IN FOREIGN CURRENCY 2021 vs 2020

	As of December 31,		Change	
	2021	**2020**		
	$	**$**	**$**	**%**
Short-term financial debt liabilities in foreign currency[1]	-	**778.1**	**(778.1)**	**(100.0)**

1 The foreign currency is U.S. dollars.

The Company's risk committee approves any change in policies and reviews the application of current policies.

At the end of 2021, we had dollar-denominated assets of $11,206.1 million pesos and liabilities of $5,851.9 million pesos, resulting in a net position of $5,354.2 million pesos (or $261.1 million dollars).

Interest Rates

Our earnings may also be affected by changes in interest rates due to the impact those changes have on our variable rate debt instruments.

As of December 31, 2022, we had borrowings of approximately $4,192.0 million pursuant to variable rate debt instruments, representing approximately 5.8% of our total assets.

Based on our debt position on December 31, 2022, we estimate that a hypothetical increase in the interest rate of 50 basis points would increase our interest expense by $21.0 million, negatively impacting our net income by the same. Whereas, we estimate that a hypothetical decrease in the interest rate of 50 basis points would decrease our interest expense by $21.0 million, positively impacting our net income by the same.

Any such increase would likely be partially offset by an increase in interest income due to our strong cash and cash equivalent position.

Feed Ingredients

The price of sorghum, soy meal, and corn is subject to significant volatility resulting from many external factors like weather conditions, the size of harvests, transportation and storage costs, among others. In order to reduce the potential adverse effect of grain price fluctuations, we vary the composition of our feed to take advantage of current market prices for the various types of ingredients used.

PERCENTAGE OF GRAINS PURCHASED

	2022	2021	2020
In Mexico	16.9%	20.7%	22.8%
In USA	83.1%	79.3%	77.2%

If at the end of fiscal year 2022, the prices of a bushel of corn and a short ton of soybeans increase by 15%, the amount of the loss in the total position of the Company's derivative financial instruments of commodities would decrease by $427.6 million, positively affecting our results. . If, on the contrary, the relationship of the mentioned prices decreased by 15%, then the loss in our instruments would increase and there would be an unfavorable effect on the result of the period for $148.5 million.

[427000-N] Administration

External auditors of the administration:

On September 3, 2013, we announced that the Company's Board of Directors, as per the Audit Committee's recommendation, approved the selection of Deloitte as the Company's independent registered public accountant, effective as of September 30, 2013. Deloitte was ratified as the Company's external auditor for the 2022, 2021, 2020, 2019, 2018, 2017 and 2016 fiscal years and remains our external auditor as of the date of this Annual Report.

As of the date of this annual report, and in accordance with the evaluation process described in the previous paragraph, the Audit Committee had no objections to the appointment of Deloitte as our external auditors of the financial statements for the year ended December 31. of 2022.

AUDIT FEES OF DELOITTE

In millions of pesos	As of December 31,	
	2022	2021

Total Fees:	**$**	**14.7**	**$**	**8.7**
Audit fees		14.7		8.7

In addition to the fees for professional services paid listed in the table above, we reimbursed Deloitte for out-of-pocket expenses they incurred in connection with the performance of their audit, such as lodging and other travel related expenses of $0.6 and $0.1 million in 2022 and 2021, respectively.

Our audit committee has not established pre-approval policies and procedures for the engagement of our independent auditors for services. Our audit committee expressly approves on a case-by-case basis any engagement of our independent auditors for audit and non-audit services provided to our subsidiaries or to us.

Related Party Transactions

It is our policy not to engage in any transaction with or for the benefit of any stockholder or member of the Board of Directors, or any entity controlled by such a person or in which such a person has a substantial economic interest, unless (i) the transaction is related to our business and (ii) the price and other terms are at least as favorable to us as those that could be obtained on an arm's-length basis from a third party.

We have engaged in a variety of transactions with entities owned by members of the Robinson Bours family, all of which we believe were consistent with this policy and not material to our business and results of operations.

We expect to engage in similar transactions in the future. All of these transactions are described below:

- We regularly purchase vehicles and related equipment from distributors owned by various members of the Robinson Bours family. The distribution of vehicles and related equipment is a highly competitive aspect of business in the areas in which we operate. We are not dependent on affiliated distributors and are able to ensure that the pricing and service we obtain from affiliated distributors are competitive with those available from other suppliers.

- The Robinson Bours Stockholders also own Taxis Aéreos del Noroeste, S.A. de C.V., an air transport company that provides transportation for members of the Board of Directors to and from meetings at our headquarters in Celaya, Guanajuato in Mexico.

- We purchased feed and packaging materials from enterprises owned by Robinson Bours Stockholders, the family of Enrique Robinson Bours and the family of Juan Bautista Robinson Bours.

- We also have accounts payable to related parties. These transactions took place among companies owned by the same set of stockholders.

In 2022, neither we nor our subsidiaries have loaned any money to any of our directors or officers, controlling shareholders or entities controlled by these parties

REVENUES FROM RELATED PARTY TRANSACTIONS
In millions of Pesos

		As of December 31,	
	2022	**2021**	**2020**
	$	**$**	**$**
Sale of products and others:			
Feed and packaging materials	4.4	6.6	128.7

EXPENSES INCURRED IN RELATED PARTY TRANSACTIONS
In millions of Pesos

		As of December 31,	
	2022	**2021**	**2020**
	$	**$**	**$**
Feed and packaging materials	1,084.2	1,088.8	582.0
Vehicles and related equipment	301.3	284.6	227.6

Air transportation services	6.7	1.4	0.0

BALANCES WITH RELATED PARTIES

Balance of Revenues with Related Parties

In millions of Pesos		**As of December 31,**	
	2022	**2021**	**2020**
	$	**$**	**$**
Feed and packaging materials	0.6	0.3	0.7

Balance of Accounts Payable with Related Parties

In millions of Pesos		**As of December 31,**	
	2022	**2021**	**2020**
	$	**$**	**$**
Feed and packaging materials	182.3	116.3	71.0
Vehicles and related equipment	13.3	69.1	9.8
Air transportation services	0.1	0.1	0.0

As of December 31, 2022, 2021 and 2020, the balances due to related parties are the balances owed denominated in pesos, which do not accrue interest, payable in cash in the short-term, for which there are no guarantees.

See Note 20 to our Audited Consolidated Financial Statements for more detail regarding income and expenses incurred in connection with related party transactions.

Directors, Senior Management and Employees

We produce and sell our products throughout Mexico and in parts of the United States. As described further below, our operations are closely controlled by our majority shareholder, which directs our business strategy and operations through various committees that are made up of members of our Board of Directors (“BOD”). The principal BOD committees include the Executive Committee (“EC”), the Investments Committee (“IC”) and the Audit and Corporate Practices Committee (“ACPC”) (collectively, the “BOD Committees”). The BOD Committees, in turn, rely on the Chief Executive Officer (“CEO”) who oversees a group of managers, comprised of regional operating managers and executive managers, to execute the Company’s operating plan.

The Chief Operating Decision Maker (CODM) role is carried out by our BOD. The BOD is integrated by eight Proprietary Shareholder Directors, four Independent Directors and four Alternate Directors.

We are controlled by the Robinson Bours family, who collectively own 87.7% of our outstanding voting shares. The Robinson Bours family plays an active role in managing the Company through its participation in our BOD, where it holds a majority vote thereby granting it control over all of the BOD’s committees, activities and decisions.

In addition to carrying out the traditional roles of a typical board of directors, such as authorizing annual budgets, major investments and the hiring and compensation of executive management, the activities of our BOD also encompass managing certain key aspects of the Company’s operations, such as assuring the production of the Company’s products, exploiting growth opportunities and maximizing profitability. The BOD relies on its committees to carry out such management functions.

The EC is an intermediate management body, comprised entirely by Robinson Bours family members, that meets at least 10 times a year with the Company’s CEO. During such meetings, the following matters, among others, are addressed:

- General business strategy for the Company, including growth strategy and initiatives.

- Analysis and approval of the Company's organizational structure.

- Discussion of relevant matters of the Company's operations, including, among others, the identification and follow up on both opportunities as well as significant adverse events.

- Analysis and follow up on the financial performance of the Company.

- Approval and appointment of management.

The IC is comprised of the same members as the EC, is responsible for analyzing all investment and capital expenditure proposals and meets at least six times a year with the CEO. Based on their analysis, the IC and the CEO identify which investment and capital expenditure proposals to submit to the BOD for approval.

The ACPC is comprised mainly by independent directors. The mandate of the ACPC is to establish and monitor controls and procedures in order to ensure that the financial information we distribute is useful, appropriate and reliable and accurately reflects our financial position. On November 3, 2015, during our shareholders' ordinary meeting, Mr. Guillermo Ochoa Maciel was elected chairman of the ACPC. Mr. Ochoa Maciel possesses all the characteristics included in the definition of an "audit committee financial expert" within the meaning of Item 16A. He was appointed as an independent member of the BOD and as an independent director financial expert.

Our CEO is the only management team member who reports directly to the BOD and is responsible for executing the operating plans for all product lines that are developed jointly between the BOD's committees and the CEO and approved by the BOD. Given the CEO's responsibilities in overseeing the Company's operating managers, which are discussed in more detail below, we have considered whether the CEO plays the role of CODM for the Company. However, in our judgment, the BOD is the CODM, by virtue of the BOD's close involvement in the CEO's activities, the resulting overlap in the respective functions of the CEO and the BOD and the BOD's ability to override decisions taken by the CEO.

The individual responsible for reporting to the BOD and executing the Company's operating plan is our CEO.

The BOD, through the EC, meets with the CEO generally on a monthly basis.

The financial information that is reviewed by the CODM in preparation for the meetings and the financial information that is discussed during those meetings is comprised of the following:

- A discrete monthly statement of profit and loss for our operating segments, up to net income attributable to controlling interest level;

- Further detail regarding assets and liabilities

- Updates regarding raw materials price conditions;

- Certain key performance measures such as volume, prices and estimated cost on a discrete basis for our operating segments;

- Consolidated entity-wide earnings before interest, income taxes, depreciation and amortization (EBITDA);

- A consolidated entity-wide statement of profit and loss;

- A consolidated entity-wide statement of financial position; and

- A consolidated entity-wide statement of cash flow.

The CODM normally makes additional requests for supplemental financial information, which vary depending on the circumstances. Examples of such supplemental financial information, which is disaggregated by product, include:

- Enhanced discussion and analysis of significant period to period changes in operating results,

- Further detail regarding gross profit and cost, and

- Net revenue analysis explaining differences from prior period net revenue and deviations from our budget.

The CEO formally meets with the full BOD four times a year, usually in January, April, August and October of each year.

The financial information that is reviewed by the CODM in preparation for the meetings and the financial information that is discussed during those meetings is comprised of the following:

- A discrete monthly statement of profit and loss for our operating segments, up to gross profit level;
- A consolidated entity-wide statement of profit and loss;
- A consolidated entity-wide statement of financial position; and
- A consolidated entity-wide statement of cash flow.

The CEO formally meets with the full BOD four times a year, usually in January, April, August and October of each year.

The Board of Directors is responsible for the management of our business. The Board of Directors consists of an odd number of directors, never fewer than five, and corresponding alternate directors, each of whom is elected for a term of one year.

Alternate directors are authorized to serve on the Board of Directors in place of directors who are unable to attend meetings or otherwise participate in the activities of the Board of Directors.

At our stockholders' meeting held on April 27, 2022, we ratified the membership of our Board of Directors.

Currently our board of directors is composed of the following members:

MEMBERS OF THE BOARD

	Year of Birth	Member since
Chairman of the Board and Proprietary Shareholder Director:		
Javier R. Bours Castelo	1953	1982
Proprietary Shareholder Directors:		
José Gerardo Robinson Bours Castelo	1958	2008
Jesús Enrique Robinson Bours Muñoz	1951	1994
Jesús Rodolfo Robinson Bours Muñoz	1957	2002
Arturo Bours Griffith	1955	1994
Octavio Robinson Bours	1952	1997
Ricardo Aguirre Borboa	1954	1994
Juan Salvador Robinson Bours Martínez	1965	1994
Alternate Directors:		
José Eduardo Robinson Bours Castelo	1956	1994
José Francisco Bours Griffith	1950	1994
Guillermo Pineda Cruz	1948	1994
Gustavo Luders Becerril	1953	2011
Independent Directors:		
Avelino Fernández Salido	1938	2003
Humberto Schwarzbeck Noriega	1954	2003
Guillermo Ochoa Maciel	1955	2015
David Gastelum Cazares	1951	2016
Secretary of the Board:		
Daniel Salazar Ferrer	1964	2021

The following table identifies the relationships among members of each of the four Bours families:

Cousins	In-law related
Brothers: • Arturo Bours Griffith	

• Octavio Robinson Bours • José Francisco Bours Griffith	
Brothers: • Jesús Enrique Robinson Bours Muñoz • Jesús Rodolfo Robinson Bours Muñoz	• Guillermo Pineda Cruz
Brothers: • Francisco Javier R. Bours Castelo • José Gerardo Robinson Bours Castelo • José Eduardo Robinson Bours Castelo	
• Juan Salvador Robinson Bours Martínez	• Ricardo Aguirre Borboa • Gustavo Luders Becerril

Our bylaws provide for the creation of an executive committee of the Board of Directors, which may exercise certain of the Board's powers in full, subject to certain limitations.

Below is a brief biography of each of the members of the Board of Directors.

Javier R. Bours Castelo, Chairman of the Board of Directors since 2002. Before his election as Chairman, he was Vice-Chairman for several years. Mr. Bours holds a degree in Civil Engineering from the Instituto Tecnológico y de Estudios Superiores Monterrey ("ITESM"). He currently serves as Chairman of the Boards of Directors of the following companies: Megacable Holdings, S.A.B. de C.V., Inmobiliaria Trento S.A. de C.V., Agriexport S.A. de C.V., Acuicola Boca, S.A. de C.V., and Centro de Servicios Empresariales del Noroeste, S.A. de C.V.

Jose Gerardo Robinson Bours Castelo, Proprietary Shareholder Director since 2008. He previously served as Director of Planning and Projects. Mr. Bours holds a degree in Computer Systems Engineering from the ITESM. He currently serves as member of the Board of the following companies: Megacable Holdings, S.A.B. de C.V., Congeladora Horticola, S.A. de C.V., Ocean Garden S.A., Industrias Boca, S.A. de C.V. and Fertilizantes Tepeyac S.A. de C.V, Vimifos S.A de C.V. and member of the regional board of Citi Banamex and Banorte. He is also Chairman of Fundación Mexicana para el Desarrollo Rural del Valle del Yaqui and the ITESM in Obregon.

Jesus Enrique Robinson Bours Muñoz, Proprietary Shareholder Director since 1994. He has previously worked in Bachoco as Production Director and Divisional Manager. Mr. Robinson Bours holds a degree in Engineering from the University of Arizona. He is also a member of the Board of Directors of Rassini S.A de C.V. and Megacable Holdings, S.A.B. de C.V.

Jesus Rodolfo Robinson Bours Muñoz, Proprietary Shareholder Director since 2002. Mr. Robinson Bours previously served in the Company as Production Manager in the Northwest and Bajio divisions, Commercial Manager in Northwest Division and Purchasing Manager at the Bajio Division. Mr. Robinson Bours holds a degree in Agricultural Engineering from the University of Arizona. He has business experience in agriculture and raising livestock with Ganadera Cocoreña S.P.R. de R.L., and Chairman of the Board of the Cultural Center of Cocorit, A.C. He is currently partner and Director of Productos Orgánicos la Cocoreña S.P.R. de R.L and Cervecera Komunila S.A. de C.V.

Arturo Bours Griffith, Proprietary Shareholder Director since 1994. He is also Chairman of the board of Qualyplast, S.A. de C.V., and a member of the board of Megacable Holdings, S.A.B. de C.V., Centro de Servicios Empresariales del Noreste, S.A. de C.V., and Taxis Aereos del Noroeste, S.A. de C.V.

Octavio Robinson Bours, Proprietary Shareholder Director since 1997. Mr. Robinson Bours holds a degree in Agricultural Engineering from the ITESM. He has experience in swine production, agriculture and aquaculture. He is a board member of several companies such as Productos Agropecuarios La Choya, S.A. de C.V., Agropecuaria Bomanz S.A. de C.V., Gasbo S.A. de C.V., Kowi S.A. de C.V., INDEPROM, S.A. de C.V., SOFOM ENR.

Ricardo Aguirre Borboa, Proprietary Shareholder Director since 1994. He is also a member of the Audit Committee and Corporate Practices of Bachoco. Mr. Aguirre holds a degree in Agricultural Engineering from the ITESM. He is member of the Board of Directors of: the newspaper El Debate, Tepeyac Produce, Inc., Servicios del Valle del Fuerte, S.A. de C.V., Agrobo, S.A. de C.V., Agricola Santa Veneranda, S.P.R. de R.L., Colegio Mochis, Grupo Financiero Banamex, in Sinaloa, and Director of Granja Rab, S.A. de C.V.

Juan Salvador Robinson Bours Martinez, Proprietary Shareholder Director since 1994. He has served Bachoco as Purchasing Manager. Mr. Robinson Bours holds a degree in Industrial Engineering from the ITESM. His other appointments include Chairman of the board of Llantas y Accesorios, S.A. de C.V. and member of the Board of Megacable Holdings, S.A.B. de C.V.

Jose Eduardo Robinson Bours Castelo, member of the Board since 1994. Mr. Robinson is an alternate Director for Mr. Francisco Javier R. Bours Castelo and Mr. Jose Gerardo Robinson Bours Castelo. Mr. Robinson Bours holds a degree in Industrial Engineering from the ITESM. He was previously Commercial Director of Industrias Bachoco, a Senator of the Mexican Congress and was governor of the state of Sonora. In addition, Mr. Robinson was Chairman of the Board of National Agribusiness Council (Consejo Nacional Agropecuario), Chairman of the Board of Umbrella Organization of the Private Sector Mexico (Consejo Coordinador Empresarial), and Member of the Board of Nafinsa, Bancomext and Focir, and was Chairman of the board and Chief Executive Officer of Del Monte Foods.

Jose Francisco Bours Griffith, Alternate Director of Mr. Octavio Robinson Bours and Mr. Arturo Bours Griffith, since 1994. Mr. Bours Griffith holds a degree in Civil Engineering from the Universidad Autónoma de Guadalajara. Mr. Bours Griffith has worked at Bachoco as Engineering Manager. He is currently dedicated to agricultural operations and has run two aquaculture farms for 17 years.

Guillermo Pineda Cruz, Alternate Director of Jesus Enrique Robinson Bours and Mr. Arturo Bours Griffith since 1994. Mr. Pineda holds a degree in Civil Engineering from the ITESM and a master's degree in Business Administration from the Instituto Tecnológico de Sonora. He was also a member of the Board of Directors of Citibanamex and was a regional member of the Board of Directors of Grupo Financiero Serfin, Inverlat and InverMexico. He co-founded Edificadora PiBo, S.A. de C.V. since 1983 and is currently the Chairman of its Board of Directors.

Gustavo Luders Becerril, Alternate Director of Juan Salvador Robinson Bours Martinez and Mr. Ricardo Aguirre Borboa, was named Alternate Director during the annual general meeting held in April 2011. Mr. Luders holds an Accounting degree from ITESM. He is a vegetable and fruit grower.

Avelino Fernandez Salido, Independent Director, has been a member of the board since 2003. He is also a member of the board of Banamex and BBVA Bancomer. He is also Chairman of the Board of the following companies: Grupo Cajeme Motors, S.A. de C.V., Navojoa Motors, S.A. de C.V., Turymayo S.A. de C.V., Gasolineras Turymayo S.A. de C.V. and Agroempaques Turymayo S.A. de C.V. His business experience is in the marketing of grains.

Guillermo Ochoa Maciel, Independent Director and has been a member of the board since November 2015. Mr. Ochoa Maciel holds a degree in public accounting from the Universidad de Guadalajara, México. Mr. Ochoa Maciel was employed at KPMG Cardenas Dosal, S.C., for over 36 years (the last 26 as firm partner). Since 2015, he has been the chairman of the board and director of his own consulting and real estate development firm. Mr. Ochoa Maciel has significant experience in financial audits, corporate governance matters (including Sarbanes-Oxley compliance) and equity and debt transactions both locally in Mexico as well as internationally (both private and SEC-registered) as well as IFRS and U.S. GAAP accounting matters. Mr. Ochoa Maciel was elected chairman of the Audit and Corporate Practices Committee during the ordinary stockholders' meeting that took place on November 3, 2015.

David Gastelum Cazares, Independent Director and has been a member of the board since the annual general meeting held on April 27, 2016. Mr. Gastelum holds a degree in Veterinary Medicine from the school of Veterinary Medicine of the Universidad Nacional Autónoma de Mexico ("UNAM") and is also a graduate of the Instituto Panamericano de Alta Dirección de Empresas ("IPADE"). He joined our company in 1979 and served as a pullet sales manager in the states of Sonora and Sinaloa, national sales manager of live animals and eggs, manager of the Northwest Division, manager of the Mexico City Division and National Sales Manager. He assumed the Director of Sales position from 1992 to 2013. For several years, he was the vice-president of poultry meat at the Mexican Poultry Association and a member of the Latin American Poultry Association (ALA). From 2014 to 2016 he was the General Director of Monteblanco, a company that produces and sells mushrooms. In 2016, he took the course of Directors in Action in IPADE in Mexico City. Mr. Gastelum is also member of the board of directors of the Unión Nacional de Avicultores (UNA). In 2017, he was recognized at the Annual convention of the National Association of Poultry Science Specialists (ANECA). From 2017 to 2020, he was named as an Independent Director and Chairman of the Administration and Planning Committee of the Group "Frío" in Guadalajara, Mexico. In April of 2018 he joined the board of directors of Universal Wipes, dedicated to the production and commercialization of wet wipes. In 2020 he joined the board of directors of "Grupo Rubio", a cattle company.

Humberto Schwarzbeck Noriega, Independent Director, has been a member of the board since 2003. He holds a degree in economics from ITESM. He is currently Chairman of the board of Yeso Industrial de Navojoa S.A. de C.V.

Daniel Salazar Ferrer, Secretary of the Board. He joined us in 2000 and assumed as Chief Financial Officer of Bachoco, his current position, in January 2003. Previously, Mr. Salazar worked for four years as Chief Financial Officer at Grupo Covarrubias and as Comptroller at Negromex, a company of Grupo Desc. Mr. Salazar holds an accounting degree from Universidad Tecnológica de Mexico, a master's degree in Business Administration from ITESM, and a Diploma from the IPADE (A-D2). In 2021, was named Secretary of the Board of Directors.

Executive Officers

EXECUTIVE OFFICERS

Name	Position	Year of Birth
Rodolfo Ramos Arvizu	Chief Executive Officer	1957
James Young	Chief Executive Officer, U.S. Operations	1966
Daniel Salazar Ferrer	Chief Financial Officer	1964
Ernesto Salmon Castelo	Director of Mexico Operations	1962
Stephanie Christiane Huguette Petit	Director of Purchasing	1980
Fernando Ramirez Martin del Campo	Director of Commercial Strategy	1974
Arturo Garcia Sanchez	Director of Human Resources	1975

There is no relationship by consanguinity or affinity up to the fourth degree or civil, including their spouses, concubines or common-law men, among relevant executives.

CHANGES IN THE EXECUTIVE COMMITTEE IN THE LAST 12 MONTHS

Drew McGee, Chief Executive Officer, U.S. Operations left the company in June 2022, James Young took over the responsibilities of the position as of January 2022.

Alejandro Elias Calles, Director of Purchasing retired in December 2021, Stephanie Christiane Huguette Petit took over the responsibilities of the position as of January 2022.

Fernando Ramirez Martin del Campo joined our Company in 2022 and took over the responsibilities as Director of Commercial Strategy.

On April 17, 2023, Rodolfo Ramos Arvizu will retire from the General Directorate, since he will be in charge of Ernesto Salmón Castelo.

A continuación, una breve biografía de cada uno de los funcionarios ejecutivos.

Rodolfo Ramos Arvizu, Chief Executive Officer. Mr. Ramos joined us in 1980 and he was named as Chief Executive Officer in November 2010. Previously, Mr. Ramos had served Bachoco as its Technical Director since 1992 and also held positions in the Egg Quality Control Training Program and in Poultry Management. He also served as Supervisor of the Commercial Egg Production Training Program, Manager of Raw Material Purchasing and as a Director of Production. Mr. Ramos holds a degree in Agricultural Engineering from ITESM and a Diploma from the IPADE (D1).

James Young, joined OK Foods in October 2022 as Chief Executive Officer, U.S. Operations. Mr. Young has more than 34 years of experience in the poultry industry and has worked in Sales & Operations/ Live Production/ Foodservice directions. Starting his career in Tyson Foods in 1988 for over more than 22 years, has also worked for Cobb Vantress and Leadership4life Consultants. He was Vice President and Senior Vice President for Tyson Foods for over 10 years and over 7 years for Cobb Vantress.

Daniel Salazar Ferrer, Chief Financial Officer. He joined us in 2000 and assumed his current position in January 2003. Previously, Mr. Salazar worked for four years as Chief Financial Officer at Grupo Covarrubias and as Comptroller at Negromex, a company of Grupo Desc. Mr. Salazar holds an accounting degree from Universidad Tecnológica de Mexico, a master's degree in Business Administration from ITESM, and a Diploma from the IPADE (A-D2). In 2021, was named Secretary of the Board of Directors.

Ernesto Salmon Castelo, Director of Mexico Operations, joined us in 1991 and assumed his current position in 2018. Previously, Mr. Salmon worked for Gamesa, S.A. de C.V. and for us as Sales Manager in Sonora, Northwestern Distribution Manager, Manager of the Processing Plant in Celaya, Corporate Industrial and Engineering Director from 1998 to 2004, Southeastern Division Manager, Bajio Division Manager and Director of Operations from 2004 to 2018. Mr. Salmon holds a degree in Chemical Engineering and a master's degree in Business Administration from the Instituto Tecnológico de Sonora and a Diploma D-1 from the IPADE.

Stephanie Christiane Huguette Petit, Chief Procurement Officer joined Bachoco in January 2022. She built her 18-year experience in various areas of Procurement in companies such as Mabe/GE Appliances, PepsiCo Foods Mexico and Amazon Europe. Mrs Petit holds a degree as Engineer in International Trade from IMUS, Université de Savoie (France) and a MBA with the EGADE and Thunderbird.

Fernando Ramirez Martin del Campo, Chief Commercial and Strategy Officer. Joined in 2022. Previously, Mr. Ramirez held SVP, VP and GM positions for several global CPG companies, including Conagra Brands, British American Tobacco, Reckitt Benckiser, Nike, PepsiCo and Deutsche

Bank, holding local, regional and global roles in Marketing, Sales and General Management. Mr. Ramirez holds a Bachelor of Science in Business Administration degree from Universidad Anahuac, and executive education diplomas with Columbia Business School, Hult Ashridge Executive Education and INSEAD, in the fields of Marketing, Strategy, Digital Transformation and Leadership.

Arturo García Sánchez, Director of Human Resources, joined Bachoco and assumed his current position in October 2020. Previously, Mr. Garcia worked for HEINEKEN México as HR Director, as VP Talent, Technology and Sustainability in Afore InverCap and in diverse corporate and international positions in Human Resources at CEMEX. Mr. García has a degree in Electronic Systems Engineering from ITESM and a master's degree in Business Leadership Management from DUXX.

Audit and Corporate Practices Committee

The mandate of the Audit and Corporate Practices Committee is to establish and monitor procedures and controls in order to ensure that the financial information we distribute is useful, appropriate and reliable and accurately reflects our financial position. In particular, pursuant to our bylaws and Mexican law, among others, the Audit and Corporate Practices Committee must do the following:

- Submit an annual report to the Board of Directors;
- Inform the Board of Directors of the current condition of the internal controls and internal auditing system of the Company or of the entities it controls, including any irregularities detected;
- Require the relevant directors and other employees of the Company, or of the entities it controls, to provide reports relative to the preparation of the financial information or any other kind of reports or information it deems appropriate to perform its duties;
- Receive observations formulated by shareholders, Board members, relevant officers, employees and, in general, any third party with regard to the matters under the Audit Committee duties, as well as carry out the actions that, in its judgment, may be appropriate in connection with such observations;
- Inform the Board of Directors of any material irregularities detected as a result of the performance of its duties and, as applicable, inform the Board of Directors of the corrective actions taken, or otherwise propose the actions that should be taken;
- Call Shareholders' Meetings and cause the items it deems pertinent to be inserted into the agendas of such Shareholders' Meetings; and
- Assist the Board of Directors in selecting candidates for audit and reviewing the scope and terms of the auditor's engagement, as well as evaluate the performance of the entity that provides the external auditing services and analyze the report, opinions, statements and other information prepared and signed by the external auditor.

On November 3, 2015, during the shareholders ordinary meeting, Mr. Guillermo Ochoa Maciel was elected chairman of the Audit and Corporate Practices Committee, which is composed of the following members:

AUDIT AND CORPORATE PRACTICES COMMITTEE

Name	Position	Member since
Guillermo Ochoa Maciel	Chairman	2015
Humberto Schwarzbeck Noriega	Member	2003
Avelino Fernandez Salido	Member	2003

Currently, Guillermo Ochoa Maciel, member of our audit committee, possesses all the characteristics included in the definition of an "audit committee financial expert" within the meaning of Item 16A.

Compensation to Directors and Executive Officers

The table below sets forth the aggregate compensation paid to our directors and executive officers, for services they rendered in their respective capacities, for the years ended December 31, 2022, 2021 and 2020.

TOTAL COMPENSATION

	As of December 31,		
	2022	**2021**	**2020**
Compensation, net (in million pesos)	62.4	73.7	57.4

Stock participation of employees and executives

To the best of the Company's knowledge, none of its employees and/or executives hold 1% or more of the total Company Shares.

The Company does not have a Stock option plan for its employees and executives.

Shareholding

As of December 31, 2022, the Company's capital remains unchanged, is represented by 600,000,000 authorized Shares, Series B, and 599,380,457 outstanding shares with full voting rights.

Main shareholders of the Company that can be considered to be able to exercise control:

	Shares	**Position**	**Country**
Control Trust No. F/000239 con GBM Grupo Bursatil Mexicano, S.A. de C.V., Casa de Bolsa. División Fiduciaria	312,000,000	52.00%	México
Underwriting Trust F/000118 GBM Grupo Bursátil Mexicano, S.A. de C.V., Casa de Bolsa División Fiduciaria	127,500,000	21.25%	México
Edificio del Noroeste, S.A. de C.V.	86,5889,532	14.43%	México

Ownership of the shareholders through the Trusts remains from the Placement of shares, with the four family groups each holding a 25% interest in said Trusts: (i) Robinson Bours Griffith Family, (ii) Robinson Bours Castelo Family , (iii) Robinson Bours Martínez family, and (iv) Robinson Bours Muñoz family.

The Company considers that Javier R. Bours Castelo, as Chairman of the Board of Directors, has an important influence on its management and execution, and therefore it can be considered that he has power of command.

In addition to the information cited, Bachoco is not aware of any shareholder with more than 10% of Bachoco's outstanding shares, nor of a relevant Director or Manager who has 1.0% or more of the total Company Shares.

In the last 3 years, the most significant change in the percentage of ownership maintained by the main current shareholders of Bachoco, is derived from the voluntary takeover bid concluded in November 2022 and subsequent acquisitions, in accordance with what the Robinson Family Bours, together with affiliates and related parties as of this date, is the direct or indirect owner of more than 97% of Bachoco's outstanding shares. Except for what is mentioned in this report, Bachoco is not directly or indirectly controlled by another company, by a foreign government, or by any other natural or legal person and the issuer is not aware of any commitment that could mean a change of control in his actions.

CODES OF CONDUCT

The Company has self-regulatory measures for its business practices.

The Company has a Code of Ethics that is part of the Company's cultural model, along with the vision, mission, values, and beliefs, which is mandatory for the board of directors, relevant managers, and all Company employees. and its subsidiaries. Some of the guidelines included in this code are:

(i) Realize with honesty and rectitude all relationships with customers, suppliers, authorities and, in general, with third parties that, due to various circumstances, are linked to the Company.

(ii) Act outside of any kind of improper conduct, even in appearance, that may affect the prestige of the Company and its collaborators.

(iii) Provide respectful and fair treatment to all collaborators, avoiding any type of discrimination and harassment.

(iv) Protect the confidentiality of information belonging to the Company.

(v) Realize all transactions honestly and in accordance with the procedures in force in the Company.

(vi) Do not use the information or assets of the Company for your own benefit or that of third parties.

(vii) Rule out practices that generate conflicts of interest.

(viii) Be part of a culture of healthy competition, so it will not have to carry out activities in the field of economic competition, which could constitute monopolistic practices prohibited by the Federal Law of Economic Competition.

The directors are informed and exhorted of their duty of diligence and loyalty established by the bylaws and the applicable legislation.

The Company has Securities Operations Guidelines approved by the Board of Directors, disseminated and signed by the directors, relevant managers, employees who have confidential and/or privileged information.

Members of the Board [Sinopsis]

Independents [Member]

Fernandez Salido Avelino			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
Yes	Yes	No	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Schwarzbeck Noriega Humberto		
Gender		Type of Board Member (Owner/Alternate)
Male		Owner
Participate in committees [Synopsis]		
Audit	Corporate Practices	Evaluation and Compensation
Yes	Yes	No
Others		
Does not apply		
Designation [Synopsis]		

Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Ochoa Maciel Guillermo			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
Yes	Yes	No	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Gastélum Cázares David			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Patrimonial [Member]

Robinson Bours Castelo José Gerardo			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Robinson Bours Muñoz Jesús Enrique			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Robinson Bours Muñoz Jesús Rodolfo		
Gender		Type of Board Member (Owner/Alternate)
Male		Owner
Participate in committees [Synopsis]		
Audit	Corporate Practices	Evaluation and Compensation
NO	NO	NO
Others		

Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Bours Griffith Arturo			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Robinson Bours Octavio			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			

Does not apply

Aguirre Borboa Ricardo			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
Yes	Yes	No	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Robinson Bours Martínez Juan Salvador			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Robinson Bours Castelo José Eduardo		
Gender		Type of Board Member (Owner/Alternate)
Male		Owner
Participate in committees [Synopsis]		
Audit	Corporate Practices	Evaluation and Compensation
NO	NO	NO

Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Robinson Bours Griffith José Francisco			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Pineda Cruz Guillermo			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0

Additional Information
Does not apply

Luders Becerril Gustavo			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Bours Castelo Javier			
Gender		Type of Board Member (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
Does not apply			
Designation [Synopsis]			
Designation date			
2022-04-27			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
From April 27, 2022 to April 26, 2023	Does not apply	Does not apply	0
Additional Information			
Does not apply			

Relevant executives [Member]

Ramos Arvizu Rodolfo	
Gender	Type of Board Member (Owner/Alternate)
Male	Owner

Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Designation [Synopsis]			
Designation date	Type of meeting		
November 2010			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
Does not apply	Chief Executive Officer	43 years	Does not apply
Additional Information			
Does not apply			

James Young			
Gender		Type of Director (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Designation [Synopsis]			
Designation date	Type of meeting		
October 2022			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
Does not apply	Chief Executive Officer, U.S. Operations	6 months	Does not apply
Additional Information			
Does not apply			

Salmón Castelo Ernesto			
Gender		Type of Director (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Designation [Synopsis]			
Designation date	Type of meeting		
January 2018			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
Does not apply	Director of Mexico Operations	31 years	Does not apply
Additional Information			
Does not apply			

Hugette Petit Stephanie Christiane			
Gender		Type of Director (Owner/Alternate)	
Female		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Designation [Synopsis]			
Designation date	Type of meeting		
January 2022			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
Does not apply	Chief Procurement Officer	1 year	Does not apply
Additional Information			
Does not apply			

Ramirez Martin del Campo Fernando			
Gender		Type of Director (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Designation [Synopsis]			
Designation date	Type of meeting		
September 2022			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
Does not apply	Chief Commercial and Strategy Officer	6 months	Does not apply
Additional Information			
Does not apply			

Salazar Ferrer Daniel			
Gender		Type of Director (Owner/Alternate)	
Male		Owner	
Participate in committees [Synopsis]			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Designation [Synopsis]			
Designation date	Type of meeting		
January 2003			
Period for which they were elected	Position	Time working at the Issuer (years)	Shareholding (in %)
Does not apply	Chief Financial Officer	23 years	Does not apply

Additional Information
Does not apply

Total percentage of men as relevant managers:	86
Total percentage of women as relevant managers:	14
Total percentage of men as directors:	0
Total percentage of women as directors:	0
Has a labor inclusion program or policy:	No

Shareholders of the company [Synopsis]

Bylaws and other agreements:

The Company was incorporated on April 17, 1980 as a variable capital corporation, and transformed into a variable capital stock corporation on November 23, 2006, pursuant to the laws of Mexico. The duration of the company according to the bylaws is indefinite.

The Company's bylaws have not undergone material modifications in the last three years.

1) Of the Board of Directors;

The designation or election of the members of the Board of Directors will be made by the Ordinary Assembly of Shareholders by majority vote.

Solely, for the purposes of the Securities Market Law, the Board of Directors will seek to comply with the following:

The Board of Directors will have a minimum of five and no more than twenty-one proprietary members.

• At least 25.0% of the members of the board of directors must be independent.
• For each proprietary director, his respective substitute will be appointed, with the understanding that the substitute directors of the independent directors must have this same character.
• The report of the Audit Committee must be presented to the Shareholders' Meeting.

The Board of Directors will meet at least once every 3 months. Additionally, the Board of Directors will meet provided that, by any reliable written means or email, the members of the Board of Directors are summoned for this purpose with an anticipation of not less than 5 calendar days, by the President, if applicable, the Vice Chairman or by at least 25% of the Directors or by the Chairman of the Audit Committee.

Stockholder Conflicts of Interest

Under Mexican law, any stockholder that has a conflict of interest with respect to any transaction must abstain from voting thereon at the relevant stockholders' meeting. A stockholder that votes on a business transaction in which its interest conflicts with that of ours may be liable for damages if the transaction would not have been approved without such stockholder's vote.

The company's bylaws provide that legal actions relating to any conflict between the company and its shareholders, or between shareholders in relation to matters relating to the company, may be filed only in the courts of Mexico City, therefore that they renounce any other jurisdiction that for any reason may correspond to them.

2) Changes of Control of the Company.

Registration and Transfer

In accordance with Article 130 of the Ley General de Sociedades Mercantiles ("Mexican Corporations Law"), the Board of Directors must authorize any transfer of stock, or any securities based on such stock, when the number of Shares sought to be transferred in one act or a succession of acts, without limit of time or from one group of interrelated stockholders or stockholders who act in concert, constitutes 10.0% or more of the voting stock issued by the Company. If the Board of Directors refuses to authorize such a transfer, the Board must designate one or more purchasers of the stock, who must pay the interested party the prevailing price on the Mexican Stock Exchange. The Board must issue its resolution within three months of the date on which it receives the relevant request for authorization and, in any case, must consider: (i) the criteria that are in the best interests of the Company, the Company's operations and the long-term vision of the activities of the Company and its Subsidiaries; (ii) that no shareholder of the Company is excluded, other than the person that intends to acquire control of the financial benefits that may result from the application of the terms of this clause; (iii) that the taking of the Control of the Company is not restricted in an absolute manner; (iv) that the provisions of the Securities Market Law, with respect to acquisition public offerings, are not contravened; and (v) that the exercise of the patrimonial rights of the acquirer are not rendered without effect.

Each one of the persons who participate in any way in acts that violate the provisions of the previous paragraph, will be obliged to pay a conventional penalty to the Company for an amount equivalent to the price of all the Shares, titles or instruments representing the capital. of the Company that they were, directly or indirectly, owners or that have been the subject of the prohibited operation, in the case of persons who have participated in the operation but who are not owners of Shares issued by the Company. In the event that the operations that have given rise to the acquisition of a percentage of Shares, titles or instruments representing the Company's capital stock greater than 10.0% of the capital stock, are carried out free of charge, the conventional penalty will be equivalent to the value of said Shares, titles or instruments, provided that the authorization referred to in the previous paragraph had not been mediated.

As long as the Company maintains the Shares it has issued, registered in the National Securities Registry, the above requirement, in the case of operations carried out through the stock market, will be additionally subject to the rules that may be established. the Securities Market Law or those issued by the CNBV according to it. In addition, the persons or group of purchasers who obtain or increase a significant participation in the Company, without having previously promoted an offer in accordance with the provisions established in the General Rules applicable to acquisitions of securities that must be disclosed and public offerings. purchase of securities, issued by the CNBV, may not exercise the corporate rights derived from the respective voting securities, as well as that the Company will refrain from registering said Shares in the registry referred to in articles 128 and 129 of the General Law of Mercantile Companies.

In addition to the foregoing, a majority of the members of the Board of Directors who have been elected to said position before any circumstance that could imply a change of Control is verified, must grant their authorization in writing through a resolution taken in a Board Session. expressly convened for this purpose in the terms of the bylaws, so that a change of Control in the Company can be carried out.

The Board of Directors shall have the right to determine if any of the persons is acting in a joint or coordinated manner for the purposes regulated in this article. In the event that the Board of Directors adopts such a determination, the persons in question must be considered as a single person for the purposes of this matter.

3) Company Shares and Rights They Confer.

The capital stock is variable. The fixed minimum part of the capital stock, without the right to withdraw, is represented by 600 million Series B Shares, common or ordinary shares, with full voting rights.

The Shares are represented by registered titles, without expression of par value, which may have attached coupons for the collection of dividends. The company keeps a registry and in accordance with the law, it will only recognize as shareholders those persons who are registered as such in the registry. Shareholders may hold their Shares in the form of physical certificates or through account registration with institutions that have accounts with S.D. Indeval Securities Deposit Institution, S.A. de C.V. The ownership of the Shares held in Indeval is verified through the Indeval records and through the lists kept by the Indeval participants.

Holders of Series B Shares grant the holder the right to vote at any shareholders' meeting of the company, and they also have the right to appoint all the members of the Board of Directors.

Within each Series and Class, each share will grant its holder the same patrimonial or pecuniary rights, therefore all shares will participate equally, without any distinction, in any dividend, amortization or distribution of any nature under the terms of the bylaws.

Regarding the right to vote on the shares issued by the Company, the following shall apply:

Each Series “B” common or common share with full voting rights will confer the right to one vote at Shareholders' Meetings.

Under the law, any determination that a share does not require a vote at a special meeting could be challenged in court by the affected shareholder and would be easily determined by a competent court. The law does not establish the criteria that will be applied in making such a determination.

The Shareholders' Meeting that agrees to issue restricted voting shares convertible into common shares or the one that modifies the characteristics of the shares in circulation, may establish the taking, deadlines, terms and conditions in which the convertibility proceeds, as well as, in its case the characteristics for its identification.

Changes in Capital Stock

An increase of capital stock may generally be affected through the issuance of new shares for payment in cash or in kind, by capitalization of indebtedness or by capitalization of certain items of stockholders’ equity. An increase of capital stock generally may not be realized until all previously issued and subscribed Shares of capital stock have been fully paid. Generally, a reduction of capital stock may be effected to absorb losses, to redeem Shares, or to release stockholders from payments not made. A reduction of capital stock to redeem Shares is effected by reimbursing holders of Shares pro rata or by lot. Stockholders may also approve the redemption of fully paid Shares with retained earnings. Such redemption would be affected by a repurchase of Shares on the Mexican Stock Exchange (in the case of Shares listed thereon).

Except under limited circumstances, the bylaws require that any capital increase affected pursuant to a capital contribution be represented Shares.

The fixed portion of our capital stock may only be increased or decreased by resolution of a general extraordinary meeting and an amendment to the bylaws, whereas the variable portion of our capital stock may be increased or decreased by resolution of a general ordinary meeting. See “Other Provisions—Fixed and Variable Capital.”

No resolution by the stockholders is required for decreases in capital stock resulting from exercise of our right to withdraw variable Shares or from our repurchase of our own Shares or for increases in capital stock resulting from our sale of Shares we previously purchased. See “Other Provisions— Repurchase of our own Shares” and “Other Provisions—Appraisal Rights.”

Preemptive Rights

Except in certain limited circumstances, in the event of a capital increase through the issuance of new Shares for payment in cash or in kind, a holder of existing Shares of a given Series at the time of the capital increase has a preferential right to subscribe for a sufficient number of new Shares of the same Series to maintain the holder’s existing proportionate holdings of Shares of that Series or, in the event of a capital increase through the issuance of limited-voting or non-voting stock only, to subscribe for a sufficient number of the Shares to be issued to maintain the holder’s existing proportionate holdings of our capital stock. Preemptive rights must be exercised within 15 days following the publication of notice of the capital increase in the Diario Oficial de la Federacion (Official Gazette) or following the date of the stockholders’ meeting at which the capital increase was approved if all stockholders were represented at such meeting; otherwise, such rights will lapse. Under Mexican law, preemptive rights cannot be waived in advance by a stockholder, except under limited circumstances, and cannot be represented by an instrument that is negotiable separately from the corresponding share. Holders of ADRs who are U.S. citizens or are located in the United States may be restricted in their ability to participate in the exercise of preemptive rights.

Other Provisions

Fixed and variable capital

As a “sociedad anónima de capital variable”, we are permitted to issue Shares constituting fixed capital and Shares constituting variable capital. The issuance of variable capital Shares, unlike the issuance of fixed capital Shares, does not require an amendment of the bylaws, although it does require approval at a general ordinary stockholders’ meeting. In no case may the capital of the Company be decreased to less than the minimum required by law and any decrease in the shareholders’ equity must be registered in the Equity Variations Book that the Company will keep for such purpose.

A holder of Shares of the variable part that wishes to carry out a total or partial withdrawal of said Shares, must notify said withdrawal to the company by means of a written notice signed for that purpose. The withdrawal of contributions will take effect on the end date of the current year, in the event that the notification of the decision to exercise the right of withdrawal is made before the last quarter of said year, or on the end date. of the immediately following fiscal year, in the event that such notification is made during the last quarter of the fiscal year. The redemption of the Shares subject to the withdrawal will be made at the value that is lower between: (i) 95% of the market value, obtained from the average number of operations that have been carried out during the 30 days in which they have actually been traded the Shares, prior to the date that the withdrawal should take effect or if the number of days on which the Shares of the company have actually been traded is less than 30 days, the days that the Shares have actually been traded will be taken, or or (ii) the book value of the Shares, according to the corresponding Statement of Financial Position approved by the General Assembly of Shareholders corresponding to the fiscal year immediately prior to the withdrawal taking effect.

Derechos de Retiro

Whenever the shareholders approve a change of corporate purpose, change of nationality of the company or transformation, from one type of company to another, any shareholder entitled to vote with respect to said change or transformation who has voted against, has the right to withdraw from the company and receive the calculated amount that is specified in accordance with the law attributable to their Shares, provided that said shareholder exercises his right of withdrawal within 15 days following the meeting in which the change or transformation was approved. Pursuant to Mexican law, the amount that a withdrawing shareholder is entitled to receive is equal to their proportional interest in the company's capital stock according to the most recent Statement of Financial Position of the company approved by an ordinary general meeting of shareholders.

4) Minority Rights.

Shareholders representing at least 10% of the capital stock represented by common shares or shares with restricted or limited voting, will have the right to designate a proprietary director and an alternate, who can only replace the proprietary member in question.

Shareholders representing at least 20% of the capital stock may judicially oppose the resolutions of the General Shareholders' Meetings, in respect of which they have the right to vote, without the percentage referred to in article 201 of the General Law of Commercial Companies.

Shareholders who, individually or as a whole, own shares with voting rights, even limited or restricted, or without voting rights, representing 5% or more of the capital stock, may directly exercise the liability action. against the members and secretary of the board of directors, as well as against the relevant executives. In exercising said action, you will not be subject to compliance with the requirements established in articles 161 and 163 of the General Law of Commercial Companies.

5) Acquisition of Own Shares by the Company

The company may repurchase its Shares on the Mexican Stock Exchange at any time at the prevailing market price at that time and fully complying with the provisions established for said operations in the general provisions applicable to the issuance of securities and to other participants in the stock market, (Unique Circular Letter), issued by the CNBV.

The Company may acquire Shares representing its own capital stock through the stock market, at the current market price, under the terms of article 56 of the Securities Market Law, without the prohibition established in the first paragraph being applicable. of article 134 of the General Law of Mercantile Companies, provided that:

The purchase is made with a charge to stockholders' equity as long as said Shares belong to the same Company, or, as the case may be, to the share capital in the event that it is resolved to convert them into Treasury Shares, in which case no resolution will be required on the part of of the Shareholders' Meeting.

It will be the responsibility of the Ordinary General Shareholders' Meeting to expressly agree, for each fiscal year, the maximum amount of resources that may be used for the purchase of treasury shares, with the only limitation that the sum of the resources that may be used for this purpose, in no If it exceeds the total balance of the Company's net earnings, including retained earnings. For its part, the Board of Directors must designate for this purpose the person or persons responsible for the acquisition and placement of treasury shares.

Treasury Shares belonging to the Company or, as the case may be, Treasury Shares, without prejudice to the provisions of the General Law of Mercantile Companies, may be placed among the investing public, without, in the latter case, the capital increase corresponding company requires a resolution of any kind by the Shareholders' Meeting, nor the agreement of the Board of Directors in the case of its placement.

In addition, with prior express authorization from the National Banking and Securities Commission, the Company may issue unsubscribed Shares for public placement, provided that they are kept in custody at an institution for the deposit of securities and the conditions provided for this purpose are met. by article 53 of the Securities Market Law.

In the Extraordinary Shareholders' Meeting in which the issuance of unsubscribed Shares is decreed, the right of preference referred to in article 132 of the General Law of Mercantile Companies must be expressly waived.

Having a quorum in the terms of the bylaws, the agreement reached will produce all its effects, reaching the shareholders who have not attended the Assembly, so the Company will be free to place the Shares among the public, without making the publication referred to in the article mentioned in the preceding paragraph.

6) Repurchase in Case of Cancellation of Registration

As long as the Company's Shares are registered in the Securities section of the National Securities Registry, under the terms of the Securities Market Law and the general provisions applicable to the National Banking and Securities Commission, in the In the event of cancellation of the registration of the Company's Shares in the Securities section of said Registry, the shareholders who hold the majority of the ordinary Shares or have the possibility, under any title, to impose decisions in the General Shareholders' Meetings or to appoint the majority of the members of the Board of Directors of the Company, they will be obliged to carry out a public purchase offer prior to the cancellation.

The shareholders referred to in the preceding paragraph will have the obligation to allocate in a trust for a minimum period of six months,the necessary resources to buy at the same price of the offer of Shares of the investors who did not attend it, in the event that once the public purchase offer is made and prior to the cancellation in the National Securities Registry, the aforementioned shareholders are not able to acquire 100% of the paid-in capital stock.

7) Shareholders Meetings

General shareholders' meetings can be ordinary or extraordinary. The ordinary general meeting must be held at least annually during the four months following the close of the previous fiscal year in order to consider certain matters specified in article 182 of the General Law of Commercial Companies.

Pursuant to the bylaws, the quorum on first call for an ordinary general meeting is at least 50% of the ordinary or common shares into which the capital stock is divided; and, its resolutions will be valid when they are taken by a majority of votes of the common or ordinary Shares represented in it. In the case of second call, the Ordinary General Shareholders' Meetings may be validly held regardless of the number of common or ordinary Shares represented at the Meeting and their resolutions will be valid when taken by majority vote of the common or ordinary Shares that vote. represented in it.

Shareholders, even in a limited or restricted manner, representing at least 10% of the Shares represented at a Shareholders' Meeting, may request that the vote be postponed once, for three calendar days and without the need for a new call, of any matter regarding which they do not consider themselves sufficiently informed, without the percentage established in article 199 of the General Law of Mercantile Companies being applicable.

The calls for Shareholders' Meetings must be made by the Board of Directors by the President or Secretary of the Board of Directors, or as the case may be, by the judicial authority. In any case, shareholders with the right to vote, even in a limited or restricted manner that represent at least 10% of the share capital, may require the Chairman of the Board of Directors or the Chairman of the Audit Committee to convene a General Assembly. of Shareholders, without the percentage indicated in article 184 of the General Law of Mercantile Companies being applicable to this effect. If the call is not made within the fifteen days following the date of the request, a Civil or District Judge of the domicile of the Company will make it at the request of the interested parties that represent 10% of the referred capital, who must display their Share certificates for this purpose.

The call for meetings must be published in the Official Gazette of the Federation or in a newspaper of general circulation in Mexico City at least fifteen days before the date set for such meeting. Shareholders' meetings may be held without said publication, as long as 100% of the outstanding Shares with the right to vote regarding the matters to be brought before said meeting are represented. From the moment the call for Shareholders' Meetings is published, the available information and documents related to each of the items established on the Agenda must be immediately and free of charge available to shareholders.

In order to attend a shareholders' meeting, shareholders must request and obtain an admission card which they may apply for by providing, at least 24 hours before the time set for holding the shareholders' meeting, adequate proof of ownership. of the Company's Shares and will obtain it by depositing said Shares with the corporate secretary of the company or with an institution authorized to accept said deposit. If they have the right to attend the meeting, a shareholder may be represented at the Meetings by the person or persons designated by means of a simple power of attorney signed by two witnesses, in addition to the above, they may be represented by agents appointed by power of attorney granted in forms prepared by the Company itself, which: (i) clearly indicate the name of the Company, as well as the respective Agenda, not being able to include under the heading of general matters the points referred to in articles 181 and 182 of the General Law of Mercantile Companies, and (ii) contain space for the instructions indicated by the grantor for the exercise of power.

8) Dividends and Distributions

At the annual ordinary general stockholders' meeting, the Board of Directors submits our financial statements for the previous fiscal year, together with a report thereon by the board, to the holders of Shares for their consideration. The holders of Shares, once they have approved the financial statements, determine the allocation of our net profits, if any, for the preceding year. As of December 31, 2019, our legal reserve fund was equal to at least 20% of our paid-in capital stock. Amounts in excess of those allocated to the legal reserve fund may be allocated to other reserve funds as the stockholders determine, including a reserve for the repurchase of our Shares. The remaining balance of net profits, if any, is available for distribution as dividends. No dividends may be paid, however, unless losses for prior fiscal years have been paid or absorbed.

Holders of shares and, accordingly, holders of ADRs will have equal rights, on a per Share basis, to dividends and other distributions, including any distributions we make upon liquidation. Partially paid Shares participate in any distribution to the extent that such Shares have been paid at the time of the distribution or, if not paid, only with respect to the proportion paid

9) Other provisions.

The functions of management, conduct and execution of the businesses of the Company and of the legal entities that it controls, in terms of the Securities Market Law, will be the responsibility of the General Director, subject to the approved strategies, policies and guidelines. by the Board of Directors.

Additional information Administrators and shareholders

We produce and sell our products throughout Mexico and in parts of the United States. As described further below, our operations are closely controlled by our majority shareholder, which directs our business strategy and operations through various committees that are made up of members of our Board of Directors ("BOD"). The principal BOD committees include the Executive Committee ("EC"), the Investments Committee ("IC") and the Audit and Corporate Practices Committee ("ACPC") (collectively, the "BOD Committees"). The BOD Committees, in turn, rely on the Chief Executive Officer ("CEO") who oversees a group of managers, comprised of regional operating managers and executive managers, to execute the Company's operating plan.

The Chief Operating Decision Maker (CODM) role is carried out by our BOD. The BOD is integrated by eight Proprietary Shareholder Directors, four Independent Directors and four Alternate Directors.

We are controlled by the Robinson Bours family, who collectively own 87.7% of our outstanding voting shares. The Robinson Bours family plays an active role in managing the Company through its participation in our BOD, where it holds a majority vote thereby granting it control over all of the BOD's committees, activities and decisions.

In addition to carrying out the traditional roles of a typical board of directors, such as authorizing annual budgets, major investments and the hiring and compensation of executive management, the activities of our BOD also encompass managing certain key aspects of the Company's operations, such as assuring the production of the Company's products, exploiting growth opportunities and maximizing profitability. The BOD relies on its committees to carry out such management functions.

The EC is an intermediate management body, comprised entirely by Robinson Bours family members, that meets at least 10 times a year with the Company's CEO. During such meetings, the following matters, among others, are addressed:

- General business strategy for the Company, including growth strategy and initiatives.

- Analysis and approval of the Company's organizational structure.

- Discussion of relevant matters of the Company's operations, including, among others, the identification and follow up on both opportunities as well as significant adverse events.

- Analysis and follow up on the financial performance of the Company.

- Approval and appointment of management.

The IC is comprised of the same members as the EC, is responsible for analyzing all investment and capital expenditure proposals and meets at least six times a year with the CEO. Based on their analysis, the IC and the CEO identify which investment and capital expenditure proposals to submit to the BOD for approval.

The ACPC is comprised mainly by independent directors. The mandate of the ACPC is to establish and monitor controls and procedures in order to ensure that the financial information we distribute is useful, appropriate and reliable and accurately reflects our financial position. On November 3, 2015, during our shareholders' ordinary meeting, Mr. Guillermo Ochoa Maciel was elected chairman of the ACPC. Mr. Ochoa Maciel possesses all the characteristics included in the definition of an "audit committee financial expert" within the meaning of Item 16A. He was appointed as an independent member of the BOD and as an independent director financial expert.

Our CEO is the only management team member who reports directly to the BOD and is responsible for executing the operating plans for all product lines that are developed jointly between the BOD's committees and the CEO and approved by the BOD. Given the CEO's responsibilities in overseeing the Company's operating managers, which are discussed in more detail below, we have considered whether the CEO plays the role of CODM for the Company. However, in our judgment, the BOD is the CODM, by virtue of the BOD's close involvement in the CEO's activities, the resulting overlap in the respective functions of the CEO and the BOD and the BOD's ability to override decisions taken by the CEO.

The individual responsible for reporting to the BOD and executing the Company's operating plan is our CEO.

The BOD, through the EC, meets with the CEO generally on a monthly basis.

The financial information that is reviewed by the CODM in preparation for the meetings and the financial information that is discussed during those meetings is comprised of the following:

- A discrete monthly statement of profit and loss for our operating segments, up to net income attributable to controlling interest level;

- Further detail regarding assets and liabilities

- Updates regarding raw materials price conditions;

- Certain key performance measures such as volume, prices and estimated cost on a discrete basis for our operating segments;

- Consolidated entity-wide earnings before interest, income taxes, depreciation and amortization (EBITDA);

- A consolidated entity-wide statement of profit and loss;

- A consolidated entity-wide statement of financial position; and

- A consolidated entity-wide statement of cash flow.

The CODM normally makes additional requests for supplemental financial information, which vary depending on the circumstances. Examples of such supplemental financial information, which is disaggregated by product, include:

- Enhanced discussion and analysis of significant period to period changes in operating results,

- Further detail regarding gross profit and cost, and

- Net revenue analysis explaining differences from prior period net revenue and deviations from our budget.

The CEO formally meets with the full BOD four times a year, usually in January, April, August and October of each year.

The financial information that is reviewed by the CODM in preparation for the meetings and the financial information that is discussed during those meetings is comprised of the following:

- A discrete monthly statement of profit and loss for our operating segments, up to gross profit level;
- A consolidated entity-wide statement of profit and loss;
- A consolidated entity-wide statement of financial position; and
- A consolidated entity-wide statement of cash flow.

The CEO formally meets with the full BOD four times a year, usually in January, April, August and October of each year.

The Board of Directors is responsible for the management of our business. The Board of Directors consists of an odd number of directors, never fewer than five, and corresponding alternate directors, each of whom is elected for a term of one year.

Alternate directors are authorized to serve on the Board of Directors in place of directors who are unable to attend meetings or otherwise participate in the activities of the Board of Directors.

At our stockholders' meeting held on April 27, 2022, we ratified the membership of our Board of Directors.

Currently our board of directors is composed of the following members:

MEMBERS OF THE BOARD

	Year of Birth	Member since
Chairman of the Board and Proprietary Shareholder Director:		
Javier R. Bours Castelo	1953	1982
Proprietary Shareholder Directors:		
José Gerardo Robinson Bours Castelo	1958	2008
Jesús Enrique Robinson Bours Muñoz	1951	1994
Jesús Rodolfo Robinson Bours Muñoz	1957	2002
Arturo Bours Griffith	1955	1994
Octavio Robinson Bours	1952	1997
Ricardo Aguirre Borboa	1954	1994
Juan Salvador Robinson Bours Martínez	1965	1994
Alternate Directors:		
José Eduardo Robinson Bours Castelo	1956	1994
José Francisco Bours Griffith	1950	1994
Guillermo Pineda Cruz	1948	1994
Gustavo Luders Becerril	1953	2011
Independent Directors:		
Avelino Fernández Salido	1938	2003
Humberto Schwarzbeck Noriega	1954	2003
Guillermo Ochoa Maciel	1955	2015
David Gastelum Cazares	1951	2016
Secretary of the Board:		
Daniel Salazar Ferrer	1964	2021

The following table identifies the relationships among members of each of the four Bours families:

Cousins	In-law related
<u>Brothers:</u> • Arturo Bours Griffith	

• Octavio Robinson Bours • José Francisco Bours Griffith	
Brothers: • Jesús Enrique Robinson Bours Muñoz • Jesús Rodolfo Robinson Bours Muñoz	• Guillermo Pineda Cruz
Brothers: • Francisco Javier R. Bours Castelo • José Gerardo Robinson Bours Castelo • José Eduardo Robinson Bours Castelo	
• Juan Salvador Robinson Bours Martínez	• Ricardo Aguirre Borboa • Gustavo Luders Becerril

Our bylaws provide for the creation of an executive committee of the Board of Directors, which may exercise certain of the Board's powers in full, subject to certain limitations.

Below is a brief biography of each of the members of the Board of Directors.

Javier R. Bours Castelo, Chairman of the Board of Directors since 2002. Before his election as Chairman, he was Vice-Chairman for several years. Mr. Bours holds a degree in Civil Engineering from the Instituto Tecnológico y de Estudios Superiores Monterrey ("ITESM"). He currently serves as Chairman of the Boards of Directors of the following companies: Megacable Holdings, S.A.B. de C.V., Inmobiliaria Trento S.A. de C.V., Agriexport S.A. de C.V., Acuicola Boca, S.A. de C.V., and Centro de Servicios Empresariales del Noroeste, S.A. de C.V.

Jose Gerardo Robinson Bours Castelo, Proprietary Shareholder Director since 2008. He previously served as Director of Planning and Projects. Mr. Bours holds a degree in Computer Systems Engineering from the ITESM. He currently serves as member of the Board of the following companies: Megacable Holdings, S.A.B. de C.V., Congeladora Horticola, S.A. de C.V., Ocean Garden S.A., Industrias Boca, S.A. de C.V. and Fertilizantes Tepeyac S.A. de C.V, Vimifos S.A de C.V. and member of the regional board of Citi Banamex and Banorte. He is also Chairman of Fundación Mexicana para el Desarrollo Rural del Valle del Yaqui and the ITESM in Obregon.

Jesus Enrique Robinson Bours Muñoz, Proprietary Shareholder Director since 1994. He has previously worked in Bachoco as Production Director and Divisional Manager. Mr. Robinson Bours holds a degree in Engineering from the University of Arizona. He is also a member of the Board of Directors of Rassini S.A de C.V. and Megacable Holdings, S.A.B. de C.V.

Jesus Rodolfo Robinson Bours Muñoz, Proprietary Shareholder Director since 2002. Mr. Robinson Bours previously served in the Company as Production Manager in the Northwest and Bajio divisions, Commercial Manager in Northwest Division and Purchasing Manager at the Bajio Division. Mr. Robinson Bours holds a degree in Agricultural Engineering from the University of Arizona. He has business experience in agriculture and raising livestock with Ganadera Cocoreña S.P.R. de R.L., and Chairman of the Board of the Cultural Center of Cocorit, A.C. He is currently partner and Director of Productos Orgánicos la Cocoreña S.P.R. de R.L and Cervecera Komunila S.A. de C.V.

Arturo Bours Griffith, Proprietary Shareholder Director since 1994. He is also Chairman of the board of Qualyplast, S.A. de C.V., and a member of the board of Megacable Holdings, S.A.B. de C.V., Centro de Servicios Empresariales del Noreste, S.A. de C.V., and Taxis Aereos del Noroeste, S.A. de C.V.

Octavio Robinson Bours, Proprietary Shareholder Director since 1997. Mr. Robinson Bours holds a degree in Agricultural Engineering from the ITESM. He has experience in swine production, agriculture and aquaculture. He is a board member of several companies such as Productos Agropecuarios La Choya, S.A. de C.V., Agropecuaria Bomanz S.A. de C.V., Gasbo S.A. de C.V., Kowi S.A. de C.V., INDEPROM, S.A. de C.V., SOFOM ENR.

Ricardo Aguirre Borboa, Proprietary Shareholder Director since 1994. He is also a member of the Audit Committee and Corporate Practices of Bachoco. Mr. Aguirre holds a degree in Agricultural Engineering from the ITESM. He is member of the Board of Directors of: the newspaper El Debate, Tepeyac Produce, Inc., Servicios del Valle del Fuerte, S.A. de C.V., Agrobo, S.A. de C.V., Agricola Santa Veneranda, S.P.R. de R.L., Colegio Mochis, Grupo Financiero Banamex, in Sinaloa, and Director of Granja Rab, S.A. de C.V.

Juan Salvador Robinson Bours Martinez, Proprietary Shareholder Director since 1994. He has served Bachoco as Purchasing Manager. Mr. Robinson Bours holds a degree in Industrial Engineering from the ITESM. His other appointments include Chairman of the board of Llantas y Accesorios, S.A. de C.V. and member of the Board of Megacable Holdings, S.A.B. de C.V.

Jose Eduardo Robinson Bours Castelo, member of the Board since 1994. Mr. Robinson is an alternate Director for Mr. Francisco Javier R. Bours Castelo and Mr. Jose Gerardo Robinson Bours Castelo. Mr. Robinson Bours holds a degree in Industrial Engineering from the ITESM. He was previously Commercial Director of Industrias Bachoco, a Senator of the Mexican Congress and was governor of the state of Sonora. In addition, Mr. Robinson was Chairman of the Board of National Agribusiness Council (Consejo Nacional Agropecuario), Chairman of the Board of Umbrella Organization of the Private Sector Mexico (Consejo Coordinador Empresarial), and Member of the Board of Nafinsa, Bancomext and Focir, and was Chairman of the board and Chief Executive Officer of Del Monte Foods.

Jose Francisco Bours Griffith, Alternate Director of Mr. Octavio Robinson Bours and Mr. Arturo Bours Griffith, since 1994. Mr. Bours Griffith holds a degree in Civil Engineering from the Universidad Autónoma de Guadalajara. Mr. Bours Griffith has worked at Bachoco as Engineering Manager. He is currently dedicated to agricultural operations and has run two aquaculture farms for 17 years.

Guillermo Pineda Cruz, Alternate Director of Jesus Enrique Robinson Bours and Mr. Arturo Bours Griffith since 1994. Mr. Pineda holds a degree in Civil Engineering from the ITESM and a master's degree in Business Administration from the Instituto Tecnológico de Sonora. He was also a member of the Board of Directors of Citibanamex and was a regional member of the Board of Directors of Grupo Financiero Serfin, Inverlat and InverMexico. He co-founded Edificadora PiBo, S.A. de C.V. since 1983 and is currently the Chairman of its Board of Directors.

Gustavo Luders Becerril, Alternate Director of Juan Salvador Robinson Bours Martinez and Mr. Ricardo Aguirre Borboa, was named Alternate Director during the annual general meeting held in April 2011. Mr. Luders holds an Accounting degree from ITESM. He is a vegetable and fruit grower.

Avelino Fernandez Salido, Independent Director, has been a member of the board since 2003. He is also a member of the board of Banamex and BBVA Bancomer. He is also Chairman of the Board of the following companies: Grupo Cajeme Motors, S.A. de C.V., Navojoa Motors, S.A. de C.V., Turymayo S.A. de C.V., Gasolineras Turymayo S.A. de C.V. and Agroempaques Turymayo S.A. de C.V. His business experience is in the marketing of grains.

Guillermo Ochoa Maciel, Independent Director and has been a member of the board since November 2015. Mr. Ochoa Maciel holds a degree in public accounting from the Universidad de Guadalajara, México. Mr. Ochoa Maciel was employed at KPMG Cardenas Dosal, S.C., for over 36 years (the last 26 as firm partner). Since 2015, he has been the chairman of the board and director of his own consulting and real estate development firm. Mr. Ochoa Maciel has significant experience in financial audits, corporate governance matters (including Sarbanes-Oxley compliance) and equity and debt transactions both locally in Mexico as well as internationally (both private and SEC-registered) as well as IFRS and U.S. GAAP accounting matters. Mr. Ochoa Maciel was elected chairman of the Audit and Corporate Practices Committee during the ordinary stockholders' meeting that took place on November 3, 2015.

David Gastelum Cazares, Independent Director and has been a member of the board since the annual general meeting held on April 27, 2016. Mr. Gastelum holds a degree in Veterinary Medicine from the school of Veterinary Medicine of the Universidad Nacional Autónoma de Mexico ("UNAM") and is also a graduate of the Instituto Panamericano de Alta Dirección de Empresas ("IPADE"). He joined our company in 1979 and served as a pullet sales manager in the states of Sonora and Sinaloa, national sales manager of live animals and eggs, manager of the Northwest Division, manager of the Mexico City Division and National Sales Manager. He assumed the Director of Sales position from 1992 to 2013. For several years, he was the vice-president of poultry meat at the Mexican Poultry Association and a member of the Latin American Poultry Association (ALA). From 2014 to 2016 he was the General Director of Monteblanco, a company that produces and sells mushrooms. In 2016, he took the course of Directors in Action in IPADE in Mexico City. Mr. Gastelum is also member of the board of directors of the Unión Nacional de Avicultores (UNA). In 2017, he was recognized at the Annual convention of the National Association of Poultry Science Specialists (ANECA). From 2017 to 2020, he was named as an Independent Director and Chairman of the Administration and Planning Committee of the Group "Frío" in Guadalajara, Mexico. In April of 2018 he joined the board of directors of Universal Wipes, dedicated to the production and commercialization of wet wipes. In 2020 he joined the board of directors of "Grupo Rubio", a cattle company.

Humberto Schwarzbeck Noriega, Independent Director, has been a member of the board since 2003. He holds a degree in economics from ITESM. He is currently Chairman of the board of Yeso Industrial de Navojoa S.A. de C.V.

Daniel Salazar Ferrer, Secretary of the Board. He joined us in 2000 and assumed as Chief Financial Officer of Bachoco, his current position, in January 2003. Previously, Mr. Salazar worked for four years as Chief Financial Officer at Grupo Covarrubias and as Comptroller at Negromex, a company of Grupo Desc. Mr. Salazar holds an accounting degree from Universidad Tecnológica de Mexico, a master's degree in Business Administration from ITESM, and a Diploma from the IPADE (A-D2). In 2021, was named Secretary of the Board of Directors.

Executive Officers

EXECUTIVE OFFICERS

Name	Position	Year of Birth
Rodolfo Ramos Arvizu	Chief Executive Officer	1957
James Young	Chief Executive Officer, U.S. Operations	1966
Daniel Salazar Ferrer	Chief Financial Officer	1964
Ernesto Salmon Castelo	Director of Mexico Operations	1962
Stephanie Christiane Huguette Petit	Director of Purchasing	1980
Fernando Ramirez Martin del Campo	Director of Commercial Strategy	1974
Arturo Garcia Sanchez	Director of Human Resources	1975

There is no relationship by consanguinity or affinity up to the fourth degree or civil, including their spouses, concubines or common-law men, among relevant executives.

CHANGES IN THE EXECUTIVE COMMITTEE IN THE LAST 12 MONTHS

Drew McGee, Chief Executive Officer, U.S. Operations left the company in June 2022, James Young took over the responsibilities of the position as of January 2022.

Alejandro Elias Calles, Director of Purchasing retired in December 2021, Stephanie Christiane Huguette Petit took over the responsibilities of the position as of January 2022.

Fernando Ramirez Martin del Campo joined our Company in 2022 and took over the responsibilities as Director of Commercial Strategy.

On April 17, 2023, Rodolfo Ramos Arvizu will retire from the General Directorate, since he will be in charge of Ernesto Salmón Castelo.

A continuación, una breve biografía de cada uno de los funcionarios ejecutivos.

Rodolfo Ramos Arvizu, Chief Executive Officer. Mr. Ramos joined us in 1980 and he was named as Chief Executive Officer in November 2010. Previously, Mr. Ramos had served Bachoco as its Technical Director since 1992 and also held positions in the Egg Quality Control Training Program and in Poultry Management. He also served as Supervisor of the Commercial Egg Production Training Program, Manager of Raw Material Purchasing and as a Director of Production. Mr. Ramos holds a degree in Agricultural Engineering from ITESM and a Diploma from the IPADE (D1).

James Young, joined OK Foods in October 2022 as Chief Executive Officer, U.S. Operations. Mr. Young has more than 34 years of experience in the poultry industry and has worked in Sales & Operations/ Live Production/ Foodservice directions. Starting his career in Tyson Foods in 1988 for over more than 22 years, has also worked for Cobb Vantress and Leadership4life Consultants. He was Vice President and Senior Vice President for Tyson Foods for over 10 years and over 7 years for Cobb Vantress.

Daniel Salazar Ferrer, Chief Financial Officer. He joined us in 2000 and assumed his current position in January 2003. Previously, Mr. Salazar worked for four years as Chief Financial Officer at Grupo Covarrubias and as Comptroller at Negromex, a company of Grupo Desc. Mr. Salazar holds an accounting degree from Universidad Tecnológica de Mexico, a master's degree in Business Administration from ITESM, and a Diploma from the IPADE (A-D2). In 2021, was named Secretary of the Board of Directors.

Ernesto Salmon Castelo, Director of Mexico Operations, joined us in 1991 and assumed his current position in 2018. Previously, Mr. Salmon worked for Gamesa, S.A. de C.V. and for us as Sales Manager in Sonora, Northwestern Distribution Manager, Manager of the Processing Plant in Celaya, Corporate Industrial and Engineering Director from 1998 to 2004, Southeastern Division Manager, Bajio Division Manager and Director of Operations from 2004 to 2018. Mr. Salmon holds a degree in Chemical Engineering and a master's degree in Business Administration from the Instituto Tecnológico de Sonora and a Diploma D-1 from the IPADE.

Stephanie Christiane Huguette Petit, Chief Procurement Officer joined Bachoco in January 2022. She built her 18-year experience in various areas of Procurement in companies such as Mabe/GE Appliances, PepsiCo Foods Mexico and Amazon Europe. Mrs Petit holds a degree as Engineer in International Trade from IMUS, Université de Savoie (France) and a MBA with the EGADE and Thunderbird.

Fernando Ramirez Martin del Campo, Chief Commercial and Strategy Officer. Joined in 2022. Previously, Mr. Ramirez held SVP, VP and GM positions for several global CPG companies, including Conagra Brands, British American Tobacco, Reckitt Benckiser, Nike, PepsiCo and Deutsche

Bank, holding local, regional and global roles in Marketing, Sales and General Management. Mr. Ramirez holds a Bachelor of Science in Business Administration degree from Universidad Anahuac, and executive education diplomas with Columbia Business School, Hult Ashridge Executive Education and INSEAD, in the fields of Marketing, Strategy, Digital Transformation and Leadership.

Arturo García Sánchez, Director of Human Resources, joined Bachoco and assumed his current position in October 2020. Previously, Mr. Garcia worked for HEINEKEN México as HR Director, as VP Talent, Technology and Sustainability in Afore InverCap and in diverse corporate and international positions in Human Resources at CEMEX. Mr. García has a degree in Electronic Systems Engineering from ITESM and a master's degree in Business Leadership Management from DUXX.

Audit and Corporate Practices Committee

The mandate of the Audit and Corporate Practices Committee is to establish and monitor procedures and controls in order to ensure that the financial information we distribute is useful, appropriate and reliable and accurately reflects our financial position. In particular, pursuant to our bylaws and Mexican law, among others, the Audit and Corporate Practices Committee must do the following:

- Submit an annual report to the Board of Directors;
- Inform the Board of Directors of the current condition of the internal controls and internal auditing system of the Company or of the entities it controls, including any irregularities detected;
- Require the relevant directors and other employees of the Company, or of the entities it controls, to provide reports relative to the preparation of the financial information or any other kind of reports or information it deems appropriate to perform its duties;
- Receive observations formulated by shareholders, Board members, relevant officers, employees and, in general, any third party with regard to the matters under the Audit Committee duties, as well as carry out the actions that, in its judgment, may be appropriate in connection with such observations;
- Inform the Board of Directors of any material irregularities detected as a result of the performance of its duties and, as applicable, inform the Board of Directors of the corrective actions taken, or otherwise propose the actions that should be taken;
- Call Shareholders' Meetings and cause the items it deems pertinent to be inserted into the agendas of such Shareholders' Meetings; and
- Assist the Board of Directors in selecting candidates for audit and reviewing the scope and terms of the auditor's engagement, as well as evaluate the performance of the entity that provides the external auditing services and analyze the report, opinions, statements and other information prepared and signed by the external auditor.

On November 3, 2015, during the shareholders ordinary meeting, Mr. Guillermo Ochoa Maciel was elected chairman of the Audit and Corporate Practices Committee, which is composed of the following members:

AUDIT AND CORPORATE PRACTICES COMMITTEE

Name	Position	Member since
Guillermo Ochoa Maciel	Chairman	2015
Humberto Schwarzbeck Noriega	Member	2003
Avelino Fernandez Salido	Member	2003

Currently, Guillermo Ochoa Maciel, member of our audit committee, possesses all the characteristics included in the definition of an "audit committee financial expert" within the meaning of Item 16A.

Compensation to Directors and Executive Officers

The table below sets forth the aggregate compensation paid to our directors and executive officers, for services they rendered in their respective capacities, for the years ended December 31, 2022, 2021 and 2020.

TOTAL COMPENSATION

	As of December 31,		
	2022	**2021**	**2020**
Compensation, net (in million pesos)	62.4	73.7	57.4

Stock participation of employees and executives

To the best of the Company's knowledge, none of its employees and/or executives hold 1% or more of the total Company Shares.

The Company does not have a Stock option plan for its employees and executives.

Shareholding

As of December 31, 2022, the Company's capital remains unchanged, is represented by 600,000,000 authorized Shares, Series B, and 599,380,457 outstanding shares with full voting rights.

Main shareholders of the Company that can be considered to be able to exercise control:

	Shares	**Position**	**Country**
Control Trust No. F/000239 con GBM Grupo Bursatil Mexicano, S.A. de C.V., Casa de Bolsa. División Fiduciaria	312,000,000	52.00%	México
Underwriting Trust F/000118 GBM Grupo Bursátil Mexicano, S.A. de C.V., Casa de Bolsa División Fiduciaria	127,500,000	21.25%	México
Edificio del Noroeste, S.A. de C.V.	86,5889,532	14.43%	México

Ownership of the shareholders through the Trusts remains from the Placement of shares, with the four family groups each holding a 25% interest in said Trusts: (i) Robinson Bours Griffith Family, (ii) Robinson Bours Castelo Family , (iii) Robinson Bours Martínez family, and (iv) Robinson Bours Muñoz family.

The Company considers that Javier R. Bours Castelo, as Chairman of the Board of Directors, has an important influence on its management and execution, and therefore it can be considered that he has power of command.

In addition to the information cited, Bachoco is not aware of any shareholder with more than 10% of Bachoco's outstanding shares, nor of a relevant Director or Manager who has 1.0% or more of the total Company Shares.

In the last 3 years, the most significant change in the percentage of ownership maintained by the main current shareholders of Bachoco, is derived from the voluntary takeover bid concluded in November 2022 and subsequent acquisitions, in accordance with what the Robinson Family Bours, together with affiliates and related parties as of this date, is the direct or indirect owner of more than 97% of Bachoco's outstanding shares. Except for what is mentioned in this report, Bachoco is not directly or indirectly controlled by another company, by a foreign government, or by any other natural or legal person and the issuer is not aware of any commitment that could mean a change of control in his actions.

CODES OF CONDUCT

The Company has self-regulatory measures for its business practices.

The Company has a Code of Ethics that is part of the Company's cultural model, along with the vision, mission, values, and beliefs, which is mandatory for the board of directors, relevant managers, and all Company employees. and its subsidiaries. Some of the guidelines included in this code are:

(i) Realize with honesty and rectitude all relationships with customers, suppliers, authorities and, in general, with third parties that, due to various circumstances, are linked to the Company.

(ii) Act outside of any kind of improper conduct, even in appearance, that may affect the prestige of the Company and its collaborators.

(iii) Provide respectful and fair treatment to all collaborators, avoiding any type of discrimination and harassment.

(iv) Protect the confidentiality of information belonging to the Company.

(v) Realize all transactions honestly and in accordance with the procedures in force in the Company.

(vi) Do not use the information or assets of the Company for your own benefit or that of third parties.

(vii) Rule out practices that generate conflicts of interest.

(viii) Be part of a culture of healthy competition, so it will not have to carry out activities in the field of economic competition, which could constitute monopolistic practices prohibited by the Federal Law of Economic Competition.

The directors are informed and exhorted of their duty of diligence and loyalty established by the bylaws and the applicable legislation.

The Company has Securities Operations Guidelines approved by the Board of Directors, disseminated and signed by the directors, relevant managers, employees who have confidential and/or privileged information.

[429000-N] Capital Market

Shareholding structure:

On November 2022, the voluntary tender offer made by Edificio del Noroeste, S.A. de C.V concluded., this is a vehicle controlled by shareholders of the Robinson Bours Family, with respect to all of the shares representing the capital stock of Bachoco, including the shares represented by ADRs, which were not directly or indirectly owned by said shareholders or their affiliates. As of the date of this report, Edificio del Noroeste, S.A. de C.V. jointly, with affiliates and related parties, have to date more than 97% of the outstanding shares issued by Bachoco.

On March 28, 2023, Bachoco reported that its Board of Directors, considering, among others, the results of the takeover bid consummated in November 2022; the low volume of trading in the United States of America; the relatively low participation in the American Depositary Receipts (“ADRs” program); and the benefits of maintaining the ADR program against the costs related to it, resolved, consistent with the processes initiated more than a year ago, to initiate the processes to delist its ADRs from the New York Stock Exchange ("NYSE") and terminate its ADR program; and that additionally, it was anticipated that in the near future, Bachoco would carry out the actions that are necessary to cancel its registration and terminate its obligations in terms of preparation and presentation of reports under the Securities Market Law of the United States of 1934 (Securities Exchange Act of 1934, as amended), the “United States Securities Act.” It is not expected that the delisting on the NYSE, nor the termination of the registration under the Securities Market Law of the United States, will affect the continuity of the listing of the shares representing the capital stock of Bachoco on the Mexican Stock Exchange, S.A.B. de C.V. and/or the registration of said actions before the National Banking and Securities Commission.

On April 24, 2023, Bachoco filed Form 15F with the United States Securities and Exchange Commission ("SEC"), with the effect of immediately suspending its reporting obligations under the Securities and Exchange Act. US values.

Stock Market

The table below shows the maximum, minimum and closing price of Bachoco Shares and ADRs in the markets in which it operates for each of the periods indicated.

	Bolsa Mexicana de Valores					The New York Stock Exchange				
	Ticker: Bachoco					Ticker: IBA				
	In pesos per Acción					In dolars per ADR				
Year	**Max**	**Min**	**Average**	**Close**	**Volume**	**Max**	**Min**	**Average**	**Close**	**Volume**
2022	86.31	64.93	76.29	84.51	53,040,589	53.44	37.36	45.55	50.99	3,832,751
2021	78.00	67.16	72.97	72.69	61,728,776	47.60	38.30	43.23	42.54	2,129,212
2020	82.40	58.76	69.22	74.85	73,391,103	52.70	28.67	38.95	45.16	2,634,335
2019	92.44	65.38	80.46	81.43	87,601,030	92.44	65.38	80.46	81.43	2,100,672
2018	98.16	63.5	88.29	64.52	67,313,968	63.84	38.08	55.23	39.56	2,879,862
Quarter	**Max**	**Min**	**Average**	**Close**	**Volume**	**Max**	**Min**	**Average**	**Close**	**Volume**
4T-2022	86.31	77.77	82.01	84.51	13,804,631	53.44	46.25	49.87	50.99	1,056,179
3T-2022	80.00	69.97	77.22	77.86	21,477,859	48.13	40.56	45.78	46.03	789,071
2T-2022	78.17	68.56	75.80	72.43	8,987,107	47.25	39.70	45.35	43.35	1,123,082
1T-2022	77.72	64.93	70.03	77.72	8,770,992	46.72	37.36	41.15	46.72	864,419
4T-2021	75.53	68.29	72.15	72.69	21,387,765	44.36	39.46	41.77	42.54	651,050
3T-2021	78.00	70.47	74.69	75.98	18,625,974	47.11	42.17	44.79	44.20	527,392
2T-2021	77.89	68.04	74.99	75.27	10,394,620	47.60	39.73	44.98	46.32	429,204
1T-2021	73.60	67.16	69.98	68.04	11,320,417	44.66	38.30	41.32	39.95	521,566
Month	**Max**	**Min**	**Average**	**Close**	**Volume**	**Max**	**Min**	**Average**	**Close**	**Volume**
mar-23	97.29	81.66	89.83	97.29	56,178,717	66.25	53.81	58.50	66.25	254,245
feb-23	82.50	81.66	81.91	82.28	899,416	53.74	51.22	52.74	53.30	97,700
ene-23	84.11	81.71	82.32	81.82	580,055	53.54	50.48	51.88	52.23	98,537
dic-22	84.51	81.66	82.20	84.51	854,505	51.03	48.97	50.00	50.99	134,240
nov-22	86.31	80.84	83.34	82.64	913,440	53.44	49.17	51.29	51.11	273,922
oct-22	81.40	77.77	80.41	80.91	12,036,686	49.06	46.25	48.24	46.38	648,017

Source: Yahoo Finance

Buyback fund

In 1998, a plan to repurchase the Company's Shares was approved, in accordance with the Securities Market Law, beginning with a nominal reserve for that purpose of $180.0 million pesos.

On April 27, 2022, during the Ordinary General Assembly of the Company, an amount of $1,224,000,000 pesos was approved to be used in the repurchase fund.

AUTHORIZED REPURCHASE PLAN

Year	Authorized Date	Expiration date	Authorized Amount	Estimated number of shares to be purchased with the plan(1)
2022	April 27, 2022	April 25, 2023	$ 1,224,000.00	18,000,000
2021	April 28, 2021	April 26, 2022	$ 1,224,000.00	18,000,000
2020	April 22, 2020	April 27, 2021	$ 1,260,000.00	18,000,000

(1) Including shares held in the repurchase fund at the time of the meeting.

REPURCHASE OF SHARES 2022

Period	Number of Shares Repurchased	Average price paid (in pesos)	Number of Shares purchased as part of the authorized repurchase plan	Number (estimated) of Shares that can still be acquired as part of the authorized fund
Initial Balance	619,543	69.79	619,543	17,380,457
January	-	-	-	17,380,457
February	-	-	-	17,380,457
March	-	-	-	17,380,457
April	-	-	-	17,380,457
May	-	-	-	17,380,457
June	-	-	-	17,380,457
July	-	-	-	17,380,457
August	-	-	-	17,380,457
September	-	-	-	17,380,457
October	-	-	-	17,380,457
November	-	-	-	17,380,457
December	-	-	-	17,380,457
Total 2022	-	-	-	17,380,457

REPURCHASE OF SHARES 2022

Period	Number of Shares Repurchased	Average price paid (in pesos)	Number of Shares purchased as part of the authorized repurchase plan	Number (estimated) of Shares that can still be acquired as part of the authorized fund
Initial Balance	619,543	$ 69.79	619,543	17,380,457
January 2023	-	-	-	17,380,457
February 2023	-	-	-	17,380,457
March 2023	-	-	-	17,380,457
Balance at March 31st 2023:	619,543	69.79	619,543	17,380,457

SHARE REPURCHASE FUND

	Number of Shares
Total Shares in the repurchase fund as of December 31, 2021	619,543
(+) Total Shares repurchased in 2022	-
(-) Total Shares sold in 2022	-
Total Shares in the repurchase fund as of December 31, 2022	619,543
(+) Total Shares repurchased as of March 31, 2023	-
(-) Total Shares sold as of March 31, 2023	-
Total Shares in the buyback fund as of March 2023	619,543

Name of each market maker who has provided their services during the immediately preceding year

The Company does not have a market maker

Identification of the securities with which the market maker traded

The Company does not have a market maker

Beginning of validity, extension or renewal of the contract with the market maker, its duration and, where appropriate, the termination or rescission of the corresponding contracts

The Company does not have a market maker

Description of the services provided by the market maker; as well as the general contracting terms and conditions, in the case of current contracts

The Company does not have a market maker

General description of the impact of the actions of the market maker on the levels of operation and on the prices of the securities of the issuer with which said intermediary operates

The Company does not have a market maker