ANNUAL REPORT 2023

Bachoco goes beyond
your imagination

INDEX

BACHOCO'S **Profile**

Industrias Bachoco is leader in the Mexican poultry industry and one of the ten largest poultry producers globally.

- **Bachoco owns and manages more than a thousand farms,**
- 9 processing plants
- 9 further processing plants,
- 25 feed mills,
- 22 hatcheries,
- and more than 100 distribution centers.
- At the date of this report The Company employs more than **38,000 people.**

The Company was founded in 1952 and became a public company in 1997, via a public offering of shares on the Mexican and the New York stock exchanges.

Bachoco is a vertically-integrated company with operations in Mexico and the US with its headquarters located in Celaya, Guanajuato, Mexico. Its main business lines are: chicken, table eggs, balanced feed, pork, and further process products of beef and turkey.

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

OPERATING DATA

In U.S. Dollars[1]

In millions pesos	2023	2023	2022	2021
Net sales	$ 5,538.6	$ 93,990.9	98,890.7	81,699.1
Gross profit	886.4	15,042.4	16,857.9	13,342.4
Operating income	407.7	6,918.8	8,385.9	5,891.9
EBITDA Result	536.4	9,103.0	10,198.6	7,355.7
Net income	$ 264.8	4,494.5	6,047.8	4,934.1
EPS in pesos	0.46	7.84	10.20	8.45
Earnings per ADR in pesos	-	-	122.41	101.36
Gross margin	16.0%	16.0%	17.0%	16.3%
Operating margin	7.4%	7.4%	8.5%	7.2%
EBITDA margin	9.7%	9.7%	10.3%	9.0%
Net margin	4.8%	4.8%	6.1%	6.0%

[1] One dollar equals to $16.97 pesos

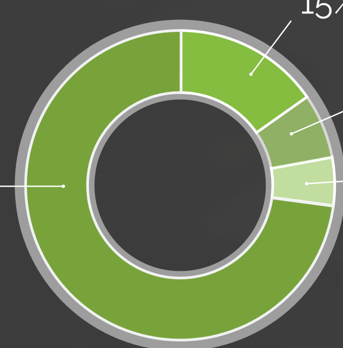
STATEMENT OF FINANCIAL DATA

In U.S. Dollars[1] December 31,

In millions pesos	2023	2023	2022	2021
TOTAL ASSETS	$ 4,713.5	79,988.3	72,568.8	65,988.8
Cash and cash equivalents	1,041.4	17,672.7	20,080.9	20,776.8
Inventories	583.1	9,895.6	8,214.1	6,376.0
TOTAL LIABILITIES	$ 1,463.9	24,842.4	19,667.5	17,704.7
Notes payable to banks	147.5	2,502.4	1,181.5	1,993.9
Accounts payable	633.6	10,751.7	8,886.8	10,015.3
Long-term debt	219.5	3,725.3	3,010.5	-
TOTAL STOCKHOLDERS' EQUITY	$ 3,249.6	55,145.9	52,901.3	48,284.1
Capital stock	69.2	1,174.4	1,174.4	1,174.4
Retained earnings	3,112.1	52,812.3	48,934.6	43,839.2

[1] One dollar equals to $16.97 pesos

Net Sales



Sales by Geography

83% México

17% EUA

Employees

2023	2022	2021
38,438	34,098	32,058

HIGHLIGHTS

MESSAGE TO **Shareholders**

Javier Bours Castelo
Chairman of the Board of Director

Dear Shareholders of Industrias Bachoco:

2023 was a challenging year in both of our business geographies. The inflationary effects in both Mexico and the United States continued to impact our costs and expenses, especially in the first half of the year. In the second half of the year, our efficiency strategy and the reduction in costs, especially of raw materials, allowed us to deliver positive results in terms of profitability.

At the beginning of 2023, the Company announced the delisting of its American Depositary Recepeits ("ADRs") from the New York Stock Exchange ("NYSE"). In September, we initiated a public offer under the terms of Article 108 of the Securities Market Law, for the purchase of all the shares representing Bachoco's capital stock, owned by the investing public.

As part of our strategy of inorganic growth and diversification into other animal proteins, in June 2023 we announced the conclusion and approval by the Mexican competition authorities (COFECE, the abbreviation in spanish) to acquire 100% of the shares of Norson Holding S. de R.L. de C.V., a pork producer and exporter, vertically integrated, with operations in Sonora, Mexico. It also began with its integration, which will strengthen our presence worldwide.

Regarding our costs of sale, we observed greater stability in the prices of raw materials compared to the previous year. In addition to this, the appreciation of the peso against the dollar helped meaningfully, which allowed us to capitalize the benefit of the stability in raw materials in our operation in Mexico.

"Our goal is to be a relevant multiprotein player in Mexico and internationally"

2023 also brought changes in the management group. (...). Instead, we named Ernesto Salmon as our new CEO, who has been part of the Bachoco team since 1991.

On the other hand, we made significant efforts to offset some negative impacts through operating efficiencies and our sales mix, so our cost of sales decreased by 3.84% compared to 2022. However, total net sales also decreased by 5.0% compared to 2022, mainly generated by lower chicken volume in the United States and on the other hand by the appreciation of the peso against the dollar that affected negatively the consolidation of results. With this, we obtained an EBITDA margin of 9.7%, 6.1% below 2022.

Highlighting our financial structure remained solid, closing 2023 with a net cash of $11,445.0 million, which will allow us to continue with our growth plans and, at the same time, face the uncertainties and volatilities of our industry.

Our commitment and contribution as of one of our fundamental pillars, as well as our society, has resulted in different and important recognitions obtained in 2023. Bachoco was placed within the Top 50 of the companies with the best corporate reputation in Mexico, proof of this was the recognition of MERCO by ranking us in position 46 (up 9 positions) and rising from position 10 to 8 in terms of the category of food companies. We earned recognition as one of the best brands for creative marketing in the Agency Scope report. Furthermore, two of our farms and two of our processing plants received certification for California's Proposition 12 and Animal Care certification, issued by the Cloverleaf Animal Welfare System.

Our growth is based on a solid ethical foundation. For this reason, in 2023 we renewed our Code of Ethics and Conduct to facilitate its understanding, and we reinforced the policy to address conflicts of interest.

As far as our Bachoco family is concerned, 2023 also brought changes in the management group. We said goodbye to our former CEO, Rodolfo Ramos, who retired in April 2023. Instead, we named Ernesto Salmon as our new CEO, who has been part of the Bachoco team since 1991. Likewise, Everardo Fernandez and José Antonio Guereque assumed the role of Director of Operations United States and Director of Information Technologies, respectively. Indisputably, each one with their career, experience and commitment will add value to the business.

Once more, I would like to remind you of the commitment that we have with all of you. Our goal is to be a relevant multi-protein player in Mexico and internationally, while growing our business profitably, providing positive results and maintaining the solid financial structure that always characterizes us.

Javier Bours Castelo
Chairman of the Board of Director

CEO's **Letter**

Ernesto Salmón Castelo
Chief Executive Officer

Dear Shareholders:

All figures discussed below are information of 2023 with comparative figures of 2022. It was prepared under IFRS accounting principles and is presented in millions of pesos unless otherwise indicated.

In 2023, we were able to capitalize on some of the macroeconomic improvements as part of our production processes. In Mexico, where more than 70% of our net sales are generated, according to the INEGI, the economy grew 3.2%, and the Mexican peso appreciated 13% against the dollar at the end of the year. It is worth noting the decrease in the inflation rate, which was 4.66%, below the 7.82% recorded in 2022 and the 7.36% in 2021. Regarding United States, according to information from the Federal Reserve, the economy grew by 3.1% and the inflation rate decreased to 2.8% from 5.9% in 2022.

By the end of 2023, according to estimates from the National Union of Poultry Farmers of Mexico (UNA for its abbreviation in Spanish), chicken production is expected to grow by about 3% while table egg production will close with a sustained growth of 5.9%. Regarding the poultry industry in the United States of America, according to the United States Department of Agriculture (USDA), a contraction of 0.69% vs a growth of 2.9% in 2022 is estimated. In general, chicken and table eggs continue to represent the main animal proteins of consumers, taking the per capita consumption of chicken stable in both markets.

“We have great challenges to continue improving our performance...but we trust in the hard work and commitment of our staff to achieve the Company's goals”

As for raw materials, during 2023 we observed instability in prices, mainly in soybean paste, closing the year with an increase of 0.7% compared to 2022; On the other hand, talking about grains, a persistent decrease was observed, closing 2023 with 6.1% below 2022. However, in terms of pesos in both cases, a sustained decrease was observed resulting from the appreciation of the Mexican peso.

Although we are a multi-business and multinational company, we are constantly looking for new opportunities to continue growing and strengthening our presence. That is why we reinforce our commitment to become a multiprotein company through the consolidation and integration of Norson Holdings S. de R.L. de C.V. This acquisition strengthens our strategy of inorganic growth and diversification in pork protein, and in synergy with our participation in SASA, this acquisition will add to the processing and marketing capacity not only in the domestic market but also in the export market.

Towards the end of 2023, the Company had incidents and intermittencies in some of our information systems. Since the contingency protocols established for the operational continuity and service to our customers were triggered, the impacts were mitigated, and we had no material adverse effects on the business. This situation generated delays in the process of consolidating financial and business information and, consequently, of disclosure, with respect to the normally scheduled dates.

2023 & 2022 RESULTS

Net sales in 2023 totaled $93,990.9 million, $4,899.8 million les or a decrease of 5.0% in net sales, compared with the $98,890.7 million reported in 2022. Sales from our operation in United States represented 17.5% of our total sales, compared with the 25.5% reported the previous year.

Regarding the volume of poultry following the seasonality of the demand, we observed a slight reduction compared to 2022, mainly in the United States, while in Mexico practically remained stable. On the other hand, in the U.S. market, for most of the year we observed a fall in commodity prices, mainly for breast, leg-thigh and whole chicken.

Talking about our Others segment, in 2023, we consolidated the results of Norson Holding S. de R.L. de C.V. The volume sold of our total Others segment increased 13.9% compared to the previous year. Most of the growth came primarily from the integration of Norson, as well as growth in commercial pet food.

Cost of sales totaled $78,984.5 million, 3.84% below the $82,032.8 million reported in 2022. In this sense, the reduction in the cost of sales is mainly attributed to the decrease in prices of raw materials such as grains and soybean paste, both in U.S. dollars and Mexican pesos, as well as some capitalized efficiencies in our different production processes.

Despite the volatility of the commodity markets, our focus on efficiencies allowed us to achieve a gross profit of $15,042.4 million, with a gross margin of 16.0%; lower than the $16,857.9 million gross profit and margin of 17.0% achieved in 2022.

Total SG&A expenses in 2023 were $9,098.6 million, an increase of $592.3 million or 7.0% compared to $8,506.3 million in 2022. Total SG&A expenses as a percentage of net sales accounted

...in 2023, we consolidated the results of Norson Holding S. de R.L. de C.V. The volume sold of our total Others segment increased 13.9% compared to the previous year.

9.7% in 2023 and 8.6% in 2022. This increase was mainly driven by those concepts affected by the high inflation rates in both Mexico and the United States, such as fuel, energy and wages.

In 2023 we had other income for $975.1 million, compared with other income of $34.3 million reported in 2022.

As a result, the operating income in 2023 was $6,918.8 million, with a margin of 7.4%. This represents a decrease of 17.5% compared to $8,385.9 million and margin of 8.5% registered in 2022.

In 2023 we achieved an EBITDA of $9,103.0 million, a margin of 9.7%, which is 6.1% lower than the EBITDA of $10,198.6 million obtained in 2022, with a margin of 10.3%.

Also in 2023, we reported net financial income of $1,237.6 million, compared with net financial expenses of $301.7 million obtained in 2022.

The total taxes were $1,186.8 million. This includes $2,639.7 million in income tax and $1,452.9 million in deferred taxes. Comparing to total taxes of $2,036.4 million, which includes income taxes of $1,188.0 and $848.4 million in deferred taxes in 2022.

As a result, the profit for the year attributable to the controlling interest in net income in 2023 was $4,636.9 million, with a net margin of 4.8%, which represents an earnings per share of $7.84 pesos, compared to $6,114.2 million, a margin of 6.1% and an earnings per share of $10.20 achieved in 2022.

Cash and cash equivalents as of December 31, 2023 increased to $17,672.5 million vs. $20,080.9 million that we had on December 31, 2022.

Total debt as of December 31, 2023 was $6,227.7 million, compared to debt of $4,192.0 million reported as of December 31, 2022. As a result, our net cash as of December 31, 2023 totaled $11,444.8 million, compared to net cash of $15,888.9 million as of December 31, 2022. This decrease was largely related to higher inventories, as well as acquisitions.

Finally, capital investments in 2023 totaled $5,819.5 million in total, 7.4% above the $4,840.8 million reported in 2022. We continue to invest in projects aimed at strengthening our organic growth, as well as making our production processes more efficient.

We will continue to strengthen our balance sheet, as well as prepare to capitalize on future growth opportunities. We have great challenges to continue improving our performance, as well as many challenges and uncertainties to face, but we are confident in the hard work and commitment of our people to achieve the Company's goals.

Ernesto Salmón Castelo
Chief Executive Officer

REPORT FROM THE **Board of Directors**

As Chairman of the Board of Directors of Industrias Bachoco, and pursuant to the provisions of Section IV of Article 28 of the Securities Market Law, I hereby inform you of the following:

This Board of Directors reviewed and approved the Chief Executive Officer's report which supports the performance of management for fiscal year 2023, and it was based on the independent auditor's Opinion.

The Board believes that the CEO's report was prepared in accordance with the Financial Reporting Standards and reflects the Company's financial position and its operating results.

We believe that the Company's policies, accounting and reporting principles followed are adequate and consistent with the Audited Financial Statements.

This Board directed the Company to continue acting in strict accordance with IFRS principals.

We determined that during year 2023, the Company did not engage in unusual operations or other activities different from the normal course of the business. No exemptions were granted to any member of the Board, executive officers or any other member of the Company to take advantage of business opportunities for themselves or in favor of third parties.

Lastly, the Board presented in the Annual Ordinary Shareholders' Meeting the report of the Auditing and Corporate Practices Committee, the Chief Executive Officer's report, the report on prompt compliance with tax obligations, and the report on the principal accounting and information policies and criteria followed by the Company in the preparation of its financial statements for fiscal year 2023.

Javier Bours Castelo
Chairman of the Board of Directors

AUDIT AND CORPORATE **Practices Committee**

Bachoco has an Audit and Corporate Practices Committee to support the Board of Directors, which is comprised of three Independent Directors and one Property Shareholder Director. This Committee was last ratified on the Annual and General Ordinary Shareholders´ Meeting on April 26, 2023.

AUDIT COMMITTEE AND CORPORATE PRACTICES MEMBERS

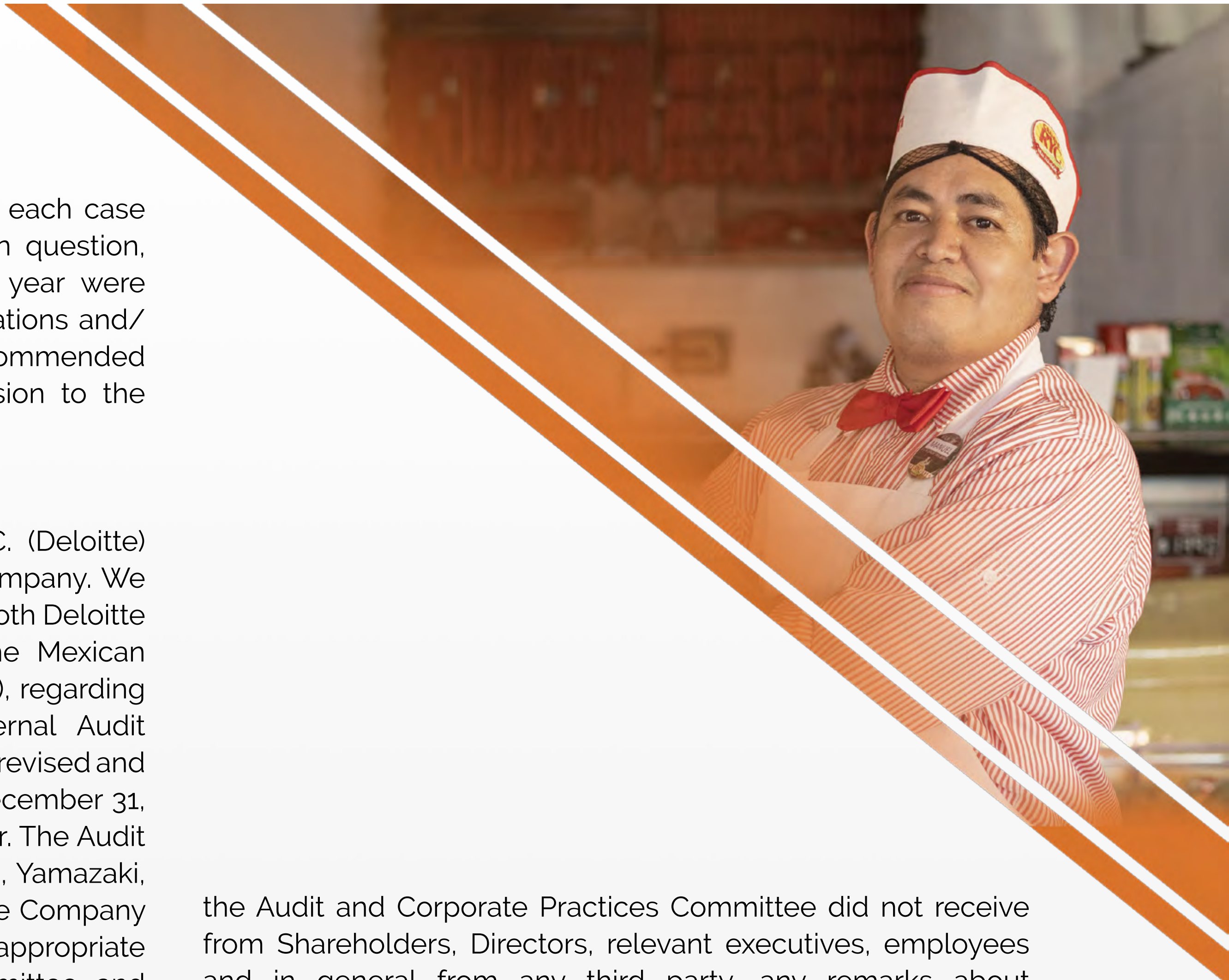
Guillermo Ochoa Maciel (President)
Humberto Schwarzbeck Noriega
Avelino Fernandez Salido

ANNUAL REPORT **of the President of the Audit and Corporate Practices Committee to the Board of Directors**

In accordance with the terms of the Mexican Market Security Law (LMV), this report is issued by the President of the Audit and Corporate Practices Committee of Industrias Bachoco S.A.B. de C.V. (the "Society").

This report has been submitted to the Audit and Corporate Practices Committee of the Company, which validated content, scope and conclusions for the Board of Directors approval and through the Board, its validation in the Annual and General Ordinary Shareholders' Meeting of the Company that will take place in May 2024.

In the exercise of the Committee functions, and in attention of its responsibilities, the Committee has counseled with the Chief Financial Officer, the Internal Audit Manager and the Chief Executive Officer of the Society.
The resolutions adopted by the Audit Committee have been informed timely and submitted to the consideration of the Board of Directors by means of the respective report submitted to this ultimate superior social entity in the corresponding meetings. A file has been integrated from each meeting, including the reports and other relevant documents.



Regarding Corporate Practices:

We concluded that the Officers performance was aligned with the Company's objectives. We reviewed the CEO and senior officers and compensation packages were granted. We verified that there was no existence of any grant or exceptions to Directors, senior officers, or other employees of the Company. In 2023, the total transactions in connection to related parties represented less than 2.0% of the Company's net sales. After an exhaustive review of the transactions carried out with related parties, we concluded that they were conducted in fair-market terms. We reviewed policies and guidelines related to the use of goods that constitute the equity of the Company and its subsidiaries, by any related parties, as well as policies for granting of loans or any type of credit or guarantees. We analyzed and assessed the services provided by the independent experts, when it was required.

Regarding Internal Audit Function:

The Audit and Corporate Practices Committee has remained involved with the needs of the internal audit area to make sure they have the necessary human and material resources for the suitable performance of its function. The evaluations carried out by the Internal Audit, the external auditors, and the General Director have been reviewed, and it is concluded that the internal control processes provide reasonable security to prevent or detect errors or material irregularities in the normal course of social operations, although these processes are constantly improving and the corresponding revisions continue.

Regarding Financial Information:

The Financial Statements of the Company were discussed quarterly with the executives responsible for their preparation and review, there were no significant observations to the information presented. Before being forwarded to the Mexican Stock and Exchange, the Financial Statements were reviewed by the Committee for its approval or ratification by the Board of Directors. In each quarterly Committee´s meeting, reports to the Stock Exchange were analyzed and approved, having made the observations or suggestions of the case and recommending to the Board of Directors its approval (or ratification) in each case regarding its public disclosure. During the period in question, Financial Statements corresponding to 2023 fiscal year were reviewed and discussed, and did not submit observations and/or qualifications, in consequence, the Committee recommended its approval by the Board of Directors for submission to the Shareholders´ Meeting.

Regarding External Audit Performance:

The services of Galaz, Yamazaki, Ruiz Urquiza, S.C. (Deloitte) continued to be used as External Auditors of the Company. We worked with Deloitte to insure the compliance, from both Deloitte and the Company, of the regulation issued by the Mexican Authorities (Comision Nacional Bancaria y de Valores), regarding the "Circular Unica de Auditores Externos", (External Audit Regulation). The fees corresponding to 2023 were duly revised and approved. The Audited Financial Statements as of December 31, 2023 were received on the part of the External Auditor. The Audit Committee concludes that the performance of Galaz, Yamazaki, Ruiz Urquiza, S.C. (Deloitte) as External Auditors of the Company and of its partners in charge of the respective audit, is appropriate and that the communication between such Committee and the auditors referred herein is consistent. The External Auditors confirmed their independence.

Regarding Accounting and Self-Regulatory Policies:

The main accounting policies followed by the Company were reviewed and approved in terms of the information received by reason of new regulations. During the period, the updates proposed by the Administration to various self-regulatory policies were reviewed, on which were favorably expressed for submission to the Board of Directors. The accounting policies, criteria, and information observed by the Company are adequate and sufficient.

Conclusions

The recommendations of the Audit and Corporate Practices Committee have been or are being addressed by the Administration of the company. During the reported period, the Audit and Corporate Practices Committee did not receive from Shareholders, Directors, relevant executives, employees and in general from any third party, any remarks about accounting, internal controls and other matters related to the Internal or External Audit, other than those issued by the management during the preparation or revision of the respective documentation; no complaints were received about any irregular matters regarding the Administration. The Audit and Corporate Practices Committee has followed, within its competence and in accordance with the instructions received, the resolutions of the Board of Directors and the Shareholders ' Meeting during the reporting period. From all the above, the Audit and Corporate Practices Committee has fulfilled the functions stated in Article 42, paragraph II of the LMV, during the reporting period.

OPINION OF THE AUDIT COMMITTEE

to the Board of Directors on the Annual Report of the Chief Executive Officer

After having listened and analyzed the CEO´s report for the fiscal year ended on December, 31, 2023, prepared in terms and for the purposes of the stated of Article 44, section XI of the Security Market Law, in relation to Article 172 of the General Law of Business Corporations and based on the reports of the External Audit presented to the Committee, the Audit and Corporate Practices Committee has determined that: (i) the accounting and information policies and criteria followed by the Company are adequate and sufficient, taking into account the Company´s particular circumstances; (ii) these accounting policies and criteria have been consistently applied in the information presented by the CEO; (iii) as consequence of the previous numerals (i) and (ii), the information presented by the CEO reflects the Company´s financial situation and results for the fiscal year 2023.

Based on the above, under the terms and for the purpose of the provisions of the Article 42, paragraph II, section e) of the LMV, the Audit and Corporate Practices Committee recommend to the Board of Directors the approval of the CEO`s annual report for fiscal 2023, for its presentation to the Annual and General Ordinary Shareholder´s Meeting of the Company.

Guillermo Ochoa Maciel
President of Bachoco´s Audit and Corporate Practices Committee

HIGHLIGHTS TO **Investors**

In 2023, the Company share had a decrease of 13.61% on the BMV

Bachoco in the Stocks

- **600 million shares**
- One single class **(Class B)**
- Full rights
- **0.09% of float**
- An estimated **$44,400 million pesos** in market capitalization

The founding family holds

73.25%

of total shares, by two Trusts:

Control Trust with 52.00%

Underwriting Trust with 21.25%

Share Prices

Bolsa Mexicana de Valores

BACHOCO

In pesos per-Share

YEAR	HIGH	LOW	AVERAGE	CLOSE
2023	97.29	72.9	81.97	73.00
2022	86.31	64.93	76.29	84.51
2021	78.00	67.16	72.97	72.69
2020	82.40	58.76	69.22	74.85
2019	92.44	65.68	80.46	81.43

Source: Yahoo Finance

BOARD OF **Directors**

Bachoco's Board of Directors is comprised of eight Proprietary Shareholder Directors, four Alternate Shareholder Directors, and four Independent Proprietary Directors. This board was last ratified on April 26,2023. The Board's main duties include the following:

- Determine policies, general strategies, and the organization and management criteria that guide the activities of the Company.
- Prepare and develop programs to optimize resource management and the operation of the business, such as budgets and financial planning.
- After considering the Auditing and Corporate Practices Committee's opinion, approve the internal control and guidelines of the internal auditing of the Company.
- Authorize acquisitions or disposing, as well as the granting of guarantees or the taking of liabilities for a value equal to or higher than five per cent of the consolidated assets of the Company, except for investments in debt securities or bank instruments; provided such are made in accordance with the policies approved by the Board for such purposes.
- Review and authorize operating results and work plans, and the overall compensation of the Company's senior officers.

PROPRIETARY SHAREHOLDERS DIRECTORS

Javier Bours Castelo (Chairman of the Board), Jose Gerardo Robinson Bours Castelo, Jesus Enrique Robinson Bours Muñoz, Jesus Rodolfo Robinson Bours Muñoz, Arturo Bours Griffith, Octavio Robinson Bours, Ricardo Aguirre Borboa, Juan Salvador Robinson Bours Martinez and Rodolfo Ramos Arvizu.

INDEPENDENT PROPRIETARY DIRECTORS

Avelino Fernandez Salido, Humberto Schwarzbeck Noriega, Guillermo Ochoa Maciel and, David Gastelum Cazares.

ALTERNATE SHAREHOLDERS DIRECTORS

Jose Eduardo Robinson Bours Castelo alternate of Javier Bours Castelo and Jose Gerardo Robinson Bours Castelo.
Jose Francisco Robinson Bours Griffith, alternate of Octavio Robinson Bours and Arturo Bours Griffith.
Guillermo Pineda Cruz, alternate of Jesus Enrique Robinson Bours Muñoz and Jesus Rodolfo Robinson Bours Muñoz.
Gustavo Luders Becerril, alternate of Juan Salvador Robinson Bours Martinez and Ricardo Aguirre Borboa.

SECRETARY OF THE BOARD

Daniel Salazar Ferrer

SENIOR **Management team**

1 **Ernesto Salmón Castelo**
Chief Executive Officer

2 **Daniel Salazar Ferrer**
Chief Financial Officer

3 **Carlos Armando Diaz Gomez**
Director of Mexico Operations

4 **Arturo Garcia Sanchez**
Director of Human Resources

5 **Jose Antonio Guereque Flores**
Director of Information Technology

6 **Everardo Fernandez**
Director of US Operations

Bachoco

goes beyond your imagination

We are a multi-business, multi-protein and multinational company focused on offering quality and innovation in our products, which is why we are constantly evolving, growing and expanding.

Proof of this, is that today we have a wide variety of product lines, such as chicken, egg, pork, animal feed, pet food, as well as the development of pharmaceuticals for veterinary use, among other products.

Bachoco is beyond what you imagine, it is the experience and confidence that each member of your family is consuming quality products.

Bachoco makes the difference.

SOCIAL RESPONSIBILITY
Sustainability 2023

We are a multi-protein, multi-business, multinational company dedicated to provide the best nutrition options to our customers through a focus on quality and innovation. We adopt a comprehensive sustainability strategy that promotes corporate governance, talent development, environmental improvement and community contribution to achieve our goals and enhance our positive impact on society.

We strengthen our Business

Our commitment to the nutrition and health of clients and consumers has driven us to diversify our lines of business and continuously improve our operating processes. These actions allow us to satisfy the growing demands of the market with products that meet rigorous quality and food safety standards.

With the goal of strengthening a culture of integrity and transparency, in 2023 we launched the updated version of our Code of Ethics and Conduct. This document provides our collaborators with a clear guide to act responsibly in all interactions in which they are involved, both inside and outside the company. In addition, we implemented a Conflict of Interest Policy to manage risks and strengthen the integrity of our business.

In 2023 we were ranked in 46th place in MERCO's "100 Companies with the Best Corporate Reputation" ranking.

We empower our People

Our team is conformed with over more than 38 thousand talented and committed professionals who encourage us to be more than we can imagine. In order to repay their support and dedication, we implement practices and initiatives focused on the well-being, development and integration of each member of our team.

At Bachoco we prioritize the professional profile in our promotion decisions and assignment of responsibilities, always ensuring transparency and fairness.

This allows us to have a qualified and committed team and thus encourage the growth and success of our organization. In addition, we offer our collaborators a solid training and development program that helps them develop new skills and competencies.

In 2023, 498,820 hours of workforce training were provided

We Take Care of Our Planet

Committed to the preservation of the planet, we develop projects focused on optimizing the use of natural resources and the continuous improvement of our environmental performance. This includes responsible livestock production practices, the integration of green technologies, and the selection of sustainable materials that guarantee animal welfare and environmental protection.

In 2023 we took an important step in terms of circular packaging with the launch of our Eco Tray, a packaging made with 100% recycled PET that replaces polystyrene trays. In addition, as part of our efforts to promote green technologies and optimize energy consumption, we began the installation of 300 solar panels in different work centers located in 19 states of the Mexican Republic.

We avoid the generation of more than 600 tons of non-recyclable materials with the launch of the Eco Tray

We contribute to our community

We establish collaborations with some organizations to launch numerous programs focused on nutrition and food improvement, which allow us to contribute to social development and strengthen our bonds with the communities we serve.

With the 2023 edition of the "Medio Maraton Bachoco" through our "Unidos por la alimentación" Program, we continue our efforts to raise funds that contribute to addressing the problem of food shortage in our communities.

Additionally, following the devastating impact of Hurricanes Otis and Norma in 2023, we provided immediate humanitarian support to the affected communities in the Pacific. Through our "SUMA" program (for the abbreviation in Spanish meaning Mobile Food Emergency Service), we collaborated with the Mexican Red Cross in Acapulco by providing hot breakfasts and meals during four weeks to those who needed it most. We also donated products to the Food Bank for local distribution, as well as to the general public who requested it in our CEDIS. We have no doubt that united we are stronger.

More than 50 thousand people benefited from the extraordinary donations of food

We continue to develop our actions on sustainability issues, for more information visit our website, where you can find our Sustainability Report:
https://en.bachoco.com/investors/

CONSOLIDATED **Financial Statements**

Galaz, Yamazaki,
Ruiz Urquiza, S.C.
Paseo de la Reforma 505, piso 28
Colonia Cuauhtémoc
06500 Ciudad de México
México

Tel: +52 (55) 5080 6000
www.deloitte.com/mx

Independent Auditors' Report to the Board of Directors and Stockholders of Industrias Bachoco S.A. de C.V. and Subsidiaries

(Figures in thousands of Mexican pesos)

Opinion

We have audited the consolidated financial statements of Industrias Bachoco, S.A. de C. V. and its subsidiaries (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2023, 2022 and 2021, and the consolidated statements of profit and loss and other comprehensive income, the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as of December 31, 2023, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* ("IESBA Code") together with the Code of Ethics issued by the Mexican Institute of Public Accountants ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

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

Key Audit Matter

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

Valuation of goodwill and intangible assets of the Ok Foods - Albertville Quality Foods Inc. cash-generating unit—Refer to Notes 3. e), j), and 15 to the consolidated financial statement.

As of December 31, 2023, the carrying amount of the Entity's goodwill was $2,455,881, of which $996,927 was allocated to the Ok Foods - Albertville Quality Foods, Inc. cash generating unit ("AQF CGU").

The recoverable amount of the AQF CGU was determined based on its value in use, which used projections of estimated cash flows. The significant assumptions used in projecting estimated cash flows were the revenue growth rate and annual discount rate. A change in the revenue growth rate or annual discount rate could have a significant impact on the recoverable amount of the AQF CGU. The recoverable amount of the AQF CGU exceeded its carrying value, and therefore, no impairment was recognized for the year ended December 31, 2023.

We identified the valuation of the AQF CGU goodwill and intangibles as a key audit matter due to the significant judgment made by Management relating to the revenue growth rate and annual discount rate used in projecting estimated cash flows. This included considering the effects of the avian flu from, the inflation and the slowdown in economic growth, which caused contractions of the demand in the US market. This required a high degree of auditor judgment and increased effort, including involvement of our valuation specialists, in performing audit procedures to evaluate the reasonableness of the methodology used, the revenue growth rate and annual discount rate.

Our audit procedures related to the revenue growth rate and annual discount rate used to project estimated cash flows in determining the recoverable amount of the AQF CGU included the following, among others:

- We obtained an understanding and evaluated the Entity's methodology for determining the recoverable amount of the AQF CGU, including the process for developing revenue growth rate and annual discount rate.

- We compared the sales of the current year with sales from the previous year, and also compared actual results obtained in previous years with the results historically budgeted.

- We evaluated the reasonableness of the revenue growth rate and annual discount rate assumptions by comparing them to (i) historical information; and (ii) information obtained from external sources (expectation of analysts and industry reports).

- With the assistance of our valuation specialists, we evaluated the reasonableness of (1) the valuation methodology and the current market data used by Management to determine the revenue growth rate and annual discount rate, and (2) developed an independent range of the recoverable amount of the AQF CGU.

- We evaluated whether the projected estimated cash flows were consistent with evidence obtained in other areas of the audit.

- We evaluate the sensitivity analysis prepared by the Entity considering a decrease or increase in the revenue growth rate and in the annual discount rate.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the information other than the consolidated financial statements (the "other information"). The other information will comprise the information that will be incorporated in the Annual Report that the Entity is obliged to prepare pursuant to Article 33, Section I, Subsection b) of Fourth Title, First Chapter of the General Provisions Applicable to Issuers and Other Participants in the Mexico Stock Exchange and the Instructions attached to those provisions (collectively, the "Provisions"). The Annual Report is expected to be made available to us after the date of this audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In relation to our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or otherwise appears to be materially misstated. When we read the Annual Report, we will issue the declaration on its reading of the annual report required by Article 33, Section I, Subsection b) paragraph 1.2. of the Provisions. If based on the work we have performed, we conclude that there is a material misstatement therein, we are required to communicate the matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Affiliated Member Firm of Deloitte Touche Tohmatsu Limited

Alberto Del Castillo V.V.
L.C.C. Alberto Del Castillo Velasco Vilchis

May 27, 2024

INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2023, 2022 and 2021

(Thousands of pesos)

Assets	Note		2023	2022	2021
Current assets:					
Cash and cash equivalents	7	$	16,640,799	18,698,892	19,136,443
Investment in securities at fair value through profit or loss	8		22,357	206,737	10,841
Investment in securities at fair value through other comprehensive income	8		1,003,945	1,143,994	1,559,823
Derivative financial instruments	8		5,635	31,264	69,862
Accounts receivable, net	9		8,029,637	5,953,904	5,108,167
Due from related parties	20		1,186	637	291
Inventories	10		9,895,614	8,214,122	6,375,990
Current biological assets	11		3,660,790	3,377,910	2,769,612
Prepaid expenses and other current assets	12		1,875,787	2,349,582	2,757,123
Assets held for sale	13		82,040	56,754	57,436
Total currents assets			**41,217,790**	**40,033,796**	**37,845,588**
Non-current assets:					
Property, plant and equipment, net	14		29,709,174	24,578,494	21,763,402
Right-of-use assets	24		613,333	602,386	680,210
Non-current biological assets	11		3,028,923	2,661,991	2,358,137
Deferred income tax	21		1,437,701	458,114	213,739
Goodwill	15		2,455,801	2,627,663	1,688,607
Intangible assets	16		460,910	589,715	704,374
Other non-current assets	17		1,064,702	1,016,684	734,704
Total non-currents assets			**38,770,544**	**32,535,047**	**28,143,173**
Total assets		$	**79,988,334**	**72,568,843**	**65,988,761**

Liabilities and equity	Note		2023	2022	2021
Current liabilities:					
Short-term debt	18	$	2,502,440	1,181,532	500,081
Current portion of long-term debt	18		-	-	1,493,830
Trade payable and other accounts payable	19		10,751,708	8,886,810	10,015,256
Lease liabilities	24		285,218	350,562	279,809
Income tax payable	21		1,210,246	52,724	360,898
Due to related parties	20		715,083	195,617	185,429
Total current liabilities			**15,464,695**	**10,667,245**	**12,835,303**
Long term liabilities:					
Long-term debt, excluding current installments	18		3,725,266	3,010,483	0
Lease liabilities	24		267,617	219,023	371,671
Deferred income tax	21		4,167,113	4,883,507	3,841,475
Employee benefits	22		1,217,697	887,238	656,252
Total long term liabilities			**9,377,693**	**9,000,251**	**4,869,398**
Total liabilities			**24,842,388**	**19,667,496**	**17,704,701**
Equity:	25				
Capital stock			1,174,432	1,174,432	1,174,432
Share premium			414,070	414,070	414,070
Reserve for repurchase of shares			280,006	1,224,000	1,199,423
Retained earnings			52,812,254	48,934,600	43,839,229
Effects of derivatives classified as hedging instruments			(123,902)	(174,911)	(49,751)
Foreign currency translation reserve			691,716	1,283,999	1,501,440
Actuarial remeasurements, net	22, 25		(536,771)	(364,344)	(272,527)
Equity attributable to controlling interest			**54,711,805**	**52,491,846**	**47,806,316**
Non-controlling interest			434,141	409,501	477,744
Total equity			**55,145,946**	**52,901,347**	**48,284,060**
Commitments	27				
Contingencies	28				
Susequent events	31				
Total liabilities and equity		$	**79,988,334**	**72,568,843**	**65,988,761**

See accompanying notes to consolidated financial statements.

INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Profit and Loss and Other Comprehensive Income

Years ended December 31, 2023, 2022 and 2021

(Thousands of pesos, except share and per share amount)

	Note		2022	2022	2021
Net revenues		$	93,990,880	98,890,655	81,699,068
Cost of sales	23		(78,948,496)	(82,032,790)	(68,356,654)
Gross profit			15,042,384	16,857,865	13,342,414
General, selling and administrative expenses	23		(9,098,612)	(8,506,312)	(7,127,780)
Other income (expenses), net	30		975,068	34,342	(322,779)
Operating income			6,918,840	8,385,895	5,891,855
Finance income	29		1,706,318	859,189	1,117,406
Finance costs	29		(2,943,874)	(1,160,915)	(267,523)
Finance (costs) income, net			(1,237,556)	(301,726)	849,883
Profit before income taxes			5,681,284	8,084,169	6,741,738
Income taxes	21		1,186,780	2,036,377	1,807,638
Profit for the year		$	**4,494,504**	**6,047,792**	**4,934,100**
Other comprehensive (loss) income items:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation effect		$	(592,283)	(217,441)	109,906
Net effects of derivatives classified as hedging instruments			51,009	(125,160)	217,601
Items that will not be reclassified subsequently to profit or loss:					
Actuarial remeasurements	22		(246,324)	(131,167)	(5,478)
Income taxes related to actuarial remeasurements			73,897	39,350	1,643
Other comprehensive income			(713,701)	(434,418)	323,672
Comprehensive income for the year		$	**3,780,803**	**5,613,374**	**5,257,772**
Profit attributable to:					
Controlling interest	26	$	4,636,890	6,114,154	5,065,554
Non-controlling interest			(142,386)	(66,362)	- 131,454
Profit for the year		$	**4,494,504**	**6,047,792**	**4,934,100**
Comprehensive income attributable to:					
Controlling interest		$	3,923,189	5,679,736	5,389,226
Non-controlling interest			(142,386)	(66,362)	- 131,454
Comprehensive income for the year		$	**3,780,803**	**5,613,374**	**5,257,772**
Weighted average outstanding shares	26		591,175,141	599,380,457	599,730,270
Basic and diluted earnings per share	26	$	7.84	10.20	8.45

See accompanying notes to consolidated financial statements.

INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

Years ended December 31, 2023, 2022 and 2021

(Thousands of pesos)

		Attributable to controlling interest									
		Capital stock		Retained earnings		Accumulated other comprehensive income					
	Note	Capital stock	Share premium	Reserve for repurchase of shares	Retained earnings	Effects of derivatives classified as hedging instruments	Foreign currency translation reserve	Actuarial remeasurements net	Total	Non-controlling interest	Total equity
Balance at January 1, 2021		$ 1,174,432	413,423	1,266,469	39,607,821	(267,352)	1,391,534	(268,692)	43,317,635	609,173	43,926,808
Dividends paid	25	-	-	-	(851,619)	-	-	-	(851,619)	-	(851,619)
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	(2,023)	(2,023)
Reserve for repurchase of shares		-	-	(34,068)	34,068	-	-	-	-	-	-
Repurchase and sale of shares	25	-	647	(32,978)	-	-	-	-	(32,331)	-	(32,331)
Other capital movements		-	-	-	(16,595)	-	-	-	(16,595)	-	(16,595)
Increase in non-controlling interest in acquired busine	5	-	-	-	-	-	-	-	-	2,048	2,048
Comprehensive income for the year:											
Profit for the year		-	-	-	5,065,554	-	-	-	5,065,554	(131,454)	4,934,100
Other comprehensive income		-	-	-	-	217,601	109,906	(3,835)	323,672	-	323,672
Total comprehensive income for the year		-	-	-	5,065,554	217,601	109,906	(3,835)	5,389,226	(131,454)	5,257,772
Balance at December 31, 2021		1,174,432	414,070	1,199,423	43,839,229	(49,751)	1,501,440	(272,527)	47,806,316	477,744	48,284,060
Dividends paid	25	-	-	-	(982,984)	-	-	-	(982,984)	-	(982,984)
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	(1,881)	(1,881)
Reserve for repurchase of shares		-	-	24,577	(24,577)	-	-	-	-	-	-
Other capital movements		-	-	-	(11,222)	-	-	-	(11,222)	-	(11,222)
Comprehensive income for the year:											
Profit for the year		-	-	-	6,114,154	-	-	-	6,114,154	(66,362)	6,047,792
Other comprehensive income		-	-	-	-	(125,160)	(217,441)	(91,817)	(434,418)	-	(434,418)
Total comprehensive income for the year		-	-	-	6,114,154	(125,160)	(217,441)	(91,817)	5,679,736	(66,362)	5,613,374
Balance at December 31, 2022		1,174,432	414,070	1,224,000	48,934,600	(174,911)	1,283,999	(364,344)	52,491,846	409,501	52,901,347
Dividends paid	25	-	-	-	(982,984)	-	-	-	(982,984)	-	(982,984)
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	(2,070)	(2,070)
Reserve for repurchase of shares	25	-	-	(228,000)	228,000	-	-	-	-	-	-
Repurchase and sale of shares	25	-	-	(715,994)	-	-	-	-	(715,994)	-	(715,994)
Other capital movements		-	-	-	(4,252)	-	-	-	(4,252)	169,096	164,844
Comprehensive income for the year:											
Profit for the year		-	-	-	4,636,890	-	-	-	4,636,890	(142,386)	4,494,504
Other comprehensive income		-	-	-	-	51,009	(592,283)	(172,427)	(713,701)	-	(713,701)
Total comprehensive income for the year		-	-	-	4,636,890	51,009	(592,283)	(172,427)	3,923,189	(142,386)	3,780,803
Balance at December 31, 2023		$ 1,174,432	414,070	280,006	52,812,254	(123,902)	691,716	(536,771)	54,711,805	434,141	55,145,946

See accompanying notes to consolidated financial statements.

INDUSTRIAS BACHOCO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2023, 2022 and 2021

(Thousands of pesos)

	Note		2023	2022	2021
Cash flows from operating activities:					
Profit for the year		$	4,494,504	6,047,792	4,934,100
Adjustments for:					
Deferred income tax recognized in profit or loss	21		(1,452,875)	848,375	17,017
Current income tax recognized in profit or loss	21		2,639,655	1,188,002	1,790,621
Bargain purchase gain of domestic business acquisition	4		(588,838)	-	-
Depreciation and amortization	14 y 16		2,184,154	1,812,739	1,463,799
Depreciation of right-of-use assets	24		308,354	351,032	343,367
Intangible impairment loss	16		-	18,930	5,459
Loss of property, plant and equipment			42,451	28,977	95,341
Interest income earned	29		(1,706,318)	(859,189)	(597,610)
Interest expense and financial expense	29		868,529	524,942	265,982
Unrealized foreign exchange loss on loans			(74,541)	18,104	34,146
Subtotal			6,715,075	9,979,704	8,352,222
Derivative financial instruments			76,638	(86,562)	(46,442)
Accounts receivable, net			(1,905,592)	134,420	(811,965)
Due from related parties			(549)	(346)	395
Inventories			(389,340)	(1,553,220)	(685,817)
Current and non-current biological assets			(402,756)	(903,103)	(1,125,369)
Prepaid expenses and other current assets			627,439	429,632	(1,536,093)
Assets held for sale			(25,286)	682	(2,806)
Trade payable and other accounts payable			(438,907)	(1,763,906)	4,265,240
Due to related parties			519,466	10,188	104,587
Income taxes paid			(1,339,974)	(2,301,112)	(2,161,321)
Employee benefits			81,143	98,925	60,123
Net cash provided by operating activities			3,517,357	4,045,302	6,412,754
Cash flows from investing activities:					
Payments for acquisition of property, plant and equipment	14		(5,487,884)	(4,496,985)	(3,479,493)
Proceeds from sale of property, plant and equipment			149,078	101,252	29,772
Investment in securities at fair value through profit or loss			184,380	(195,896)	1,007,481
Investment in securities at fair value through other comprehensive income			140,049	415,829	(622,108)
Other assets			(40,602)	(280,715)	84,080
Interest collected			1,706,318	859,189	597,610
Bussiness acquisition	4		(1,296,181)	(1,182,880)	-
Net cash used in investing activities			(4,644,842)	(4,780,206)	(2,382,658)
Cash flows from financing activities:					
Other capital movements	25		164,844	-	-
Payment for repurchase of shares	25		(715,994)	-	(46,392)
Proceeds from issuance of repurchased shares	25		-	-	14,061
Dividends paid	25		(982,984)	(982,984)	(851,619)
Dividends paid to non-controlling interest			(2,070)	(1,881)	(2,023)
Proceeds from borrowings	18		5,173,020	4,676,000	1,709,080
Principal payment on loans	18		(3,062,789)	(2,496,000)	(2,267,280)
Interest paid	29		(826,754)	(502,673)	(234,134)
Cancellations or contract modifications	24		54,767	-	-
Payment of lease liability	24		(397,214)	(366,483)	(358,987)
Net cash provided by (used in) financing activities			(595,174)	325,979	(2,037,294)
Net (decrease) increase in cash and cash equivalents			(1,722,659)	(408,925)	1,992,802
Cash and cash equivalents at January 1			18,698,892	19,136,443	17,286,374
Effect of exchange rate fluctuations on cash and cash equivalents			(335,434)	(28,626)	(142,733)
Cash and cash equivalents at December 31		$	16,640,799	18,698,892	19,136,443

See accompanying notes to consolidated financial statements.

(1) Reporting entity

Industrias Bachoco, S.A. de C.V. and subsidiaries (hereinafter, "Bachoco" or the "Company") is a publicly traded company and was incorporated on April 17, 1980, as a legal entity. The Company's registered address is Avenida Tecnológico 401, Ciudad Industrial, Celaya, Guanajuato, Mexico.

The Company is engaged in breeding, processing and marketing poultry (chicken and eggs), swine and other products (primarily balanced animal feed). Bachoco is a holding company that has control over a group of subsidiaries (see note 5).

The shares of the Company are listed on the Mexican Stock Exchange ("BMV", for its Spanish acronym) under the ticker symbol "Bachoco," and until April 24, 2023 in the New York Stock Exchange ("NYSE"), under the ticker symbol "IBA".

(2) Basis of preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" / "IAS"), as issued by the International Accounting Standard Board ("IASB").

On May 27, 2024, the accompanying consolidated financial statements and related notes were authorized for issuance by the Company's Chief Financial Officer, Mr. Daniel Salazar Ferrer, for review and approval by the Audit Committee, Board of Directors and stockholders. In accordance with Mexican General Corporate Law and the Company's bylaws, the stockholders are empowered to modify the consolidated financial statements after their issuance should they deem it necessary.

Towards the end of 2023, the Company had incidents and intermittencies in some information systems. As a result, the contingency protocols established for operational continuity and service to our customers were triggered, the impacts were mitigated and there were no material adverse effects on the business. This situation generated delays in the process of consolidating financial and business information and, consequently, of disclosure, with respect to the dates normally scheduled.

Going concern

The consolidated financial statements have been prepared by Management assuming that the Company will continue to operate as a going concern.

Convenience translation

The accompanying consolidated financial statements and its notes have been translated into English for the convenience of readers.

b) Basis of measurement

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 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.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable either directly or indirectly.

Level 3 inputs are unobservable inputs.

c) Functional and presentation currency

These consolidated financial statements are presented in thousands of Mexican pesos (“pesos” or “$”), the official currency of Mexico, which is the currency in which the Company’s accounting records are maintained and functional currency for most of its subsidiaries, except for foreign subsidiaries for which the U.S. dollar is the functional currency as well as the currency in which accounting records are maintained.

For disclosure purposes, in the notes to the consolidated financial statements, “thousands of pesos” or “$” means thousands of Mexican pesos, and “thousands of dollars” means thousands of U.S. dollars.

When deemed relevant, certain amounts are included between parentheses as a translation into thousands of dollars, into thousands of Mexican pesos, or both, as applicable. These translations are performed for the convenience of the reader at the closing exchange rate issued by Bank of Mexico, which is $16.97, $19.51 and $20.51 pesos to one U.S. dollar as of December 31, 2023, 2022 and 2021, respectively.

d) Use of estimates and judgments

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

i. 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.

ii. 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.

iii. 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.

iv. ***Discount rate estimation to calculate the present value of future minimum rent payments***

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

The Company uses a 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.

v. ***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

i. ***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.

ii. ***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.

iii. ***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.

iv. ***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.

v. ***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.

vi. ***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.

vii. Contingencies

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.

e) 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. 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.

f) Issuance of new IFRS

i. New and amended IFRS that affect reported balances and/or disclosures in consolidated financial statements for the current year

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, 2023, as it relates to its consolidated financial statements.

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 - Insurance contracts.

IFRS 17 describes a general model, which is modified for insurance contracts with direct participation features, which is described as the variable rate approach. The general model is simplified if certain criteria are met when measuring the liability for remaining coverage using the premium allocation method.

The general model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and will explicitly measure the cost of that uncertainty, taking into account market interest rates and the impact of options and guarantees of the insured.

In June 2020, the IASB issued the amendments to IFRS 17 to address the concerns and implementation of the changes that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to the annual report beginning on or after January 1, 2023. At the same time, the IASB issued a Temporary Extension of Exemption to Apply IFRS 9 (Amendments to IFRS 4) that extends the expiration date of the temporary exception to apply IFRS 9 to IFRS 4 for annual periods beginning on or after January 1, 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9 Comparative Information (Amendments to IFRS 17) to address implementation challenges that were identified after IAS 17 was published. The amendments address challenges in presenting comparative information.

IFRS 17 should be applied retrospectively unless it is not practical, in which case the retrospective approach will be modified, or the fair value approach will be applied.

In accordance with the transition requirements, the date of initial application is the beginning of the annual reporting period in which the entity first applies the Standard and, the transition date is the beginning of the period immediately preceding the date of the initial application.

Amendments to IAS 8 Definition of accounting estimates

The amendments replace the definition of a change in accounting estimates. Under the new definition, accounting estimates are “monetary amounts in the financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the IASB maintained the concept of changes in an accounting estimate in the standard with the following clarifications:

- A change in an accounting estimate is the result of new information or a new development and is not the correction of an error.
- The effects of a change in an input or a valuation technique used to develop an accounting estimate are changes in accounting estimates if they do not result from a correction of prior period errors.

The IASB added two examples (Example 4-5) to the IAS 8 Implementation Guide that accompanies the standard. The IASB has removed one example (example 3) as it could cause confusion from the amendments.

Amendments to IAS 12 Deferred taxes related to assets and liabilities arising from a single transaction.

The amendments introduced an additional exception aside from the initial recognition exemption. In the amendments, an entity does not apply the initial recognition exception for transactions that give rise to taxable and deductible temporary differences.

Depending on the applicable tax law, taxable and deductible temporary differences may occur on initial recognition of an asset and a liability in a transaction that is not a business combination and does not affect accounting or taxable profit. For example, it may occur with a recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 Leases at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize deferred tax assets and liabilities, with the recognition of any deferred tax assets being subject to the recoverability criteria.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments apply.

The amendments apply to transactions that occur on or after the first comparative period of the period presented. Additionally, at the beginning of the first comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable income is available against the deductible temporary difference) and a deferred tax liability for all taxable and temporary deductions associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities that correspond to amounts recognized as part of the costs related to the asset.
- The cumulative effect at the beginning of the application of the amendments as an adjustment in the opening balances of retained earnings (or some other component of capital, as applicable) to date.

Amendments to IAS 1 and the IFRS practice statements 2 Disclosure of Accounting Policies

The amendments change the requirements to IAS 1 with respect to the disclosure of accounting policies. The amendment replaces the terms "significant accounting policies" with "information on material accounting policies". Information on accounting policies is material when it is considered that, together with other information included in the financial statements of an entity, they may influence the decisions of the primary users of the financial statements in general use and that they are made in the basis of those financial statements.

The supporting paragraphs in IAS 1 are amended to clarify accounting policy information that relates to immaterial transactions, other events or conditions that are themselves material.

To support these modifications, the IASB has developed guidance and examples to explain and demonstrate the application of the "4-step materiality process" described in the IFRS practice 2 statements.

The adoption of these amendments had not a significant impact on the Company's consolidated financial statements.

ii. 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 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.
Amendments to IAS 1	Classification of debt with covenants
Amendments to NIC 7	Financing Providers' Arrangements
Amendments to NIIF 16	Lease liabilities in a sale and leaseback transaction.

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture

The amendments to IFRS 10 and IAS 28 treat with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments establish that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in profit or loss. of the parent only to the extent that the participation of unrelated investors in that associate or joint venture. Similarly, profit and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) at fair value, are recognized in profit. or loss of the former parent, only to the extent of the participation of unrelated investors in the new associate or joint venture.

The effective date of the amendments has not yet been set by the IASB; however, early application is permitted.

Amendments to IAS 1 Classification of Liabilities as Current and Non-Current

The amendments to IAS 1 affect only the presentation of liabilities as current and non-current in the statement of financial position and not the amount or timing at which any asset, liability, income or expense is recognized, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current and non-current is based on the rights to exist at the end of the reporting period, specify that the classification is not affected by expectations about whether the entity will exercise the right to defer settlement of the liability, explain that rights exist if there are covenants to be met at the end of the reporting period, and introduce a definition of ‘arrangement’ to make it clear that the arrangement refers to the transfer of cash from the counterparty, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments early, it is also required to apply the 2022 amendments early.

Amendments to IAS Classification of debt with covenants

The amendments modify the information that an entity provides when its right to defer payment of a liability for at least twelve months is subject to compliance with agreements. The modifications also responded to the concerns of interested parties about the classification of such liability as current or non-current.

The amendments to IAS 1 are effective for the annual periods beginning on January 1, 2024.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Statements: Disclosures - Financing Providers' Arrangements

The amendments add a disclosure in IAS 7 stating that an entity is required to disclose information about vendor financing arrangements that enables the user of the financial statements to evaluate the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add vendor financing arrangements as an example within the requirements for disclosing information about an entity's exposure to concentration and liquidity risks.

The term “financing provider arrangements” is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide information.

To meet the disclosure objective, an entity is required to disclose on an aggregate basis for its financing provider arrangements:

- The terms and conditions of the agreements.
- The carrying amount and other lines in the entity's statements of financial position in which the liabilities relating to the arrangements are presented.
- The carrying amount and other lines for which suppliers have received payment from financing providers.
- Payment day ranges for both financial liabilities that are part of the financing providers’ arrangements and comparable payables that are not part of the financing providers’ arrangements.
- Liquidity risk information.

The amendments contain specific transition considerations for the first annual reporting period in which an entity applies the amendments. It is applicable for reporting periods beginning on or after January 1, 2024.

Amendments to IFRS16 Leases – Lease liability on a sale and leaseback lease.

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine lease payments or revised lease payments such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee after the lease commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or total termination of a lease. Without these new requirements, a seller-lessee could have recognized a gain on the right-of-use it retains, solely on the remeasurement of the lease liability (for example, following a modification to a lease or change in the term of a lease) by applying the general requirements in IFRS 16. This could have occurred particularly in the case of leasebacks that include lease payments that are not dependent on an index or rate.

As part of the amendments, the IASB modified an illustrative example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable payments that do not depend on an index or rate. The illustrative examples also clarify that the liability arising from a sale and leaseback transaction that qualifies as a sale under IFRS 15 is a lease liability.

Early application is permitted. If a seller-lessee applies the amendments early, this fact must be disclosed.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 for sale and leaseback transactions entered into after the initial date of application, which is defined as the beginning of the annual reporting period in which the entity initially applied IFRS 16.

The Company is in process of determining its conclusions, however, does not expect the adoption of the standards to have a material impact on the consolidated financial statements in future periods.

(3) Material accounting policies

The material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control is lost (see note 5).

The consolidated financial statements include the financial statements of the subsidiary companies up to December 31 of each year. Control is achieved when the Company:

- Has power over the investee
- It is exposed, or has rights, to variable returns derived from its participation in the investee
- Has the ability to use his power to affect his returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profits and losses of subsidiaries acquired or sold during the year are included in the consolidated statements of profit and loss and other comprehensive income from the acquisition date to the disposal date.

Where necessary, the financial statements of subsidiaries are adjusted to align their accounting policies with the Company's accounting policies.

ii. Transactions eliminated in consolidation

Intercompany balances and transactions, and any unrealized gains and losses arising from transactions between consolidated companies have been eliminated in preparing these consolidated financial statements.

iii. Non-controlling interest

Non-controlling interests in subsidiaries are identified separately from the Company's capital in them. Non-controlling shareholders' interests that are current ownership interests that entitle their holders to a proportionate share of the net assets at liquidation may be initially measured at fair value or the proportionate share of non-controlling interest in the fair value of the identifiable net assets of the acquiree. The choice of measure is made acquisition by acquisition. Other non-controlling interests are initially measured at fair value.

Post-acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the participation of non-controlling interests in subsequent changes in capital. Total comprehensive income is attributed to non-controlling interests even if this results in non-controlling interests having a negative balance.

iv. Business combinations

Business combinations are accounted for using the acquisition method. For each business combination, any non-controlling interest in the acquiree is valued either at fair value or according to the proportionate interest in the acquiree’s identifiable net assets.

In a business combination, the identifiable assets acquired and the liabilities assumed are recognized at their fair value on the date of acquisition, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit agreements are recognized and measured in accordance with IAS 12 and IAS 19, respectively.
- Liabilities or equity instruments related to share. The acquiree's payment agreements or the Company's share-based payment agreements entered into to replace the acquiree's share-based payment agreements, are measured in accordance with IFRS 2 in the acquisition date.
- Assets (or groups of assets) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that standard.

Goodwill is originally valued at cost and represents any excess of the transferred consideration over the net assets acquired and liabilities assumed. If the net amount of identifiable acquired assets and assumed liabilities as of the acquisition date exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the fair value of the prior shareholding of the acquirer in the acquired entity (if any), any excess is immediately recognized in the consolidated statement of profit and loss and other comprehensive income as a bargain purchase gain.

Transaction costs, other than those associated with the issuance of debt or equity securities, that the Company incurs related to a business combination are expensed as incurred.

The payable contingent considerations are measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit and loss.

The Company applies accounting for business combinations using the predecessor method in an entity under common control. The predecessor method consists of incorporating the book values of the acquired entity, which includes the goodwill recorded at the consolidated level with respect to the acquired entity. Any difference between the consideration paid by the Company and the book value of the net assets acquired at the subsidiary level is recognized in equity.

b) Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain and loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for interest and principal payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

ii. Translation of foreign operations

Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, of foreign operations whose functional currency differs from the reporting currency, are translated into Mexican pesos at the exchange rates at the reporting date. Income and expenses are translated to pesos at the average exchange rate of the period of the transactions.

Foreign currency differences associated with translating foreign operations into the reporting currency (Mexican peso) are recognized in other comprehensive income and presented in the foreign currency translation reserve in stockholders' equity.

Exchange differences on monetary items receivable or payable to a foreign business, whose settlement is neither planned nor likely to occur in the foreseeable future (therefore, they are part of the net investment in the business business), that are initially recognized in other comprehensive income and reclassified from equity to income when the total or partial disposal of the net investment is made. For the years ended December 31, 2023, 2022 and 2021 the Company did not enter into such transactions.

c) Financial instruments

i. Financial assets

Classification of financial assets

The Company classifies and measures its financial assets under the following criteria:

- The Company's debt instruments are subsequently measured at amortized cost if the financial asset is maintained in a business model whose objective is to hold financial assets with the objective of obtaining contractual cash flows; and the contractual terms of the financial asset give rise on specific dates to cash flows that are only principal and interest payments on the amount of the principal.

- Furthermore, debt instruments are subsequently measured at fair value through other comprehensive income if the financial asset is maintained within a business model whose objective is met by obtaining contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise, on specific dates, to cash flows that are only principal and interest payments on the outstanding amount of the principal.
- By default, all other financial assets are subsequently measured at fair value through profit and loss.

Recognition and derecognition of financial assets

Assets are initially recognized on the date of the contract in which the Company becomes a member of the contractual provisions of the instruments and they are initially valued at their fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities (other than financial assets at fair value through profit or loss) are added to or reduced from the fair value of the financial assets or liabilities, where applicable, at initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

All regular purchases or sales of financial assets are recognized and derecognized on a trade date. Regular purchases or sales are purchases or sales of financial assets that require the delivery of assets within the period established by the regulation or usual practices in the market.

All recognized financial assets are subsequently measured in full, either at amortized cost or fair value, according to the classification of financial assets.

Financial assets of the Company include cash and cash equivalents, investment in securities at fair value through profit or loss and through other comprehensive income, derivative financial instruments and trade receivables.

The Company initially recognizes accounts receivable and cash equivalents on the date that they arise. All other financial assets (including assets measured at fair value through profit and loss) are initially recognized on the trading date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which all the risks and rewards of ownership of the financial asset are substantially transferred.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position solely if the Company has a legal right to offset the amounts and intends either to settle them on a net basis of financial assets and liabilities or otherwise realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits or investments with original maturities of three months or less from the acquisition date, which are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost. Receivables comprise trade, due from related parties and other receivables.

Impairment of financial assets

The Company evaluates whether its financial assets accounted for at amortized cost and at fair value through other comprehensive income are impaired on the basis of losses due to expected credit losses.

The amount of expected credit losses is updated on each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The Company recognizes lifetime expected credit losses for commercial accounts receivable, contract assets and accounts receivable for leases. The expected credit losses on these 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 the debtors, the general economic conditions and Management’s assessment, of both the current and forecast conditions at the reporting date, including the time value of money when appropriate.

For all other financial instruments, the Company recognizes the lifetime expected credit loss when there has been a significant increase in credit risk since the initial recognition. However, if the credit risk in the financial instrument has not increased significantly since the initial recognition, the Company measures the provision for losses for that financial instrument in an amount equal to the 12-month expected credit losses.

The Company considers a significant increase in credit risk to have occurred when the financial investment asset’s credit rating falls to the level of speculation, or when the rating provided by external ratings agencies has decreased by more than 2 levels with respect to the level at which it was acquired. Additionally, the Company considers that default has occurred when a financial asset is more than 90 days past-due, unless there is reasonable and reliable information demonstrating that a later default criterion is more appropriate.

ii. Financial liabilities

Debt and/or equity instruments are classified as financial liabilities or as equity according to the substance of the contractual agreement and the definitions of liability and equity.

All financial instrument liabilities are initially recognized on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial instrument liability when its contractual obligations are met, cancelled or expire.

The Company has the following non-derivative financial instrument liabilities: short-term and long-term debt, and trade and other payables, lease liability and accounts payable to related parties.

The aforementioned financial liabilities are originally recognized at fair value, plus costs directly attributable to the transaction. Subsequently, these financial liabilities are measured at amortized cost using the effective interest method or at fair value through profit or loss during their contractual term.

iii. Derivative financial instruments

The Company participates in a variety of derivative financial instruments to manage its exposure to exchange rate risks, including currency forward contracts.

Derivative financial instruments entered into for fair value hedging or for trading purposes are initially recognized at fair value; any attributable transaction costs are recognized in profit and loss as incurred. Subsequent to the initial recognition, such derivative financial instruments are measured at fair value, and changes in such value are immediately recognized in profit and loss unless the derivative is designated and is effective as a hedging instrument, in which case, its recognition in profit and loss will depend on the nature of the hedging.

Fair value of derivative financial instruments that are traded in recognized financial markets is based on quotes issued by these markets; when a derivative financial instrument is traded in the "*Over the Counter*" market, the fair value is determined based on internal models and market inputs accepted in the financial environment.

A derivative with a positive fair value is recognized as a financial asset, while a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Company has both the legal right and the intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Company analyzes if there are embedded derivatives that should be segregated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related.

A separate instrument with the same terms as those of the embedded derivative meets the definition of a derivative, and the combined instrument is not measured at fair value through profit and loss. Changes in fair value of the separable embedded derivatives are immediately recognized in profit and loss.

iv. Hedge Accounting

The Company designates certain derivatives as hedging instruments with respect to foreign currency risk with fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Firm commitments that hedge foreign currency risk are accounted for as cash flow hedges.

At the beginning of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, together with its risk management objectives and its strategy to carry out various hedging transactions. In addition, at the beginning of the hedge and on an ongoing basis, the Company documents whether the instrument is effective to offset changes in the fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships comply with all of the following coverage effectiveness requirements:

- There is an economic relationship between the hedging instrument and the hedged item;
- The effect of credit risk does not dominate the value of the changes resulting from the economic relationship; and
- The coverage ratio of the coverage ratio is the same as that resulting from the amount of the hedged item that the Company actually covers and the amount of the hedging instrument that the Company actually uses to cover that amount of the hedged item.

If the hedging instrument no longer meets the effectiveness requirement related to the hedging relationship, but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedging relationship (that is, rebalances) so that it meets the qualification criteria again.

The Company designates the entire change in the fair value of a forward contract (that is, it includes the forward elements) as the hedging instrument for all its hedging relationships that involve forward contracts.

The Company designates only the intrinsic value of option contracts as a hedged item, that is, excluding the time value of the option. Changes in the fair value of the option are recognized in other comprehensive income and are accumulated in the cost of the hedge reserve. If the hedged item is related to the transaction, the fair value is reclassified to profit or loss when the hedged item affects the profit or loss. If the hedged item is related to the period of time, then the accumulated amount in the cost of the hedge reserve is reclassified to profit or loss in a rational manner: the Company amortizes the accumulated hedge reserve to profit or loss using the straight-line method. These reclassified amounts are recognized in profit or loss on the same line as the hedged item. If the hedged item is a non-financial item, the accumulated amount in the cost of the hedge reserve is eliminated directly from equity and is included in the initial carrying amount of the recognized non-financial item. In addition, if the Company expects that part or all of the accumulated loss in the cost of the hedge reserve will not be recovered in the future, that amount will be reclassified immediately to results.

v. Capital stock

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Stock repurchase

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for repurchase of shares. When treasury shares are sold or are re-issued subsequently, the amount received as well as the resulting surplus or deficit on the transaction is recognized in equity.

d) Property, plant and equipment

i. Recognition and measurement

Property, plant and equipment, except for land, are recorded at acquisition cost less accumulated depreciation and any accumulated impairment losses. Land is measured at the acquisition costs less any accumulated impairment losses.

Acquisition cost includes the purchase price, as well as any cost directly attributable to the acquisition of the asset, including all costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

When components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognized at the time of disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on the sale of an item of property, plant and equipment are determined by comparing the proceeds from the sale with the carrying amount of property, plant and equipment, and are recognized net under “other income (expenses), net” in profit and loss for the year.

ii. Subsequent costs

The replacement cost of an item of property, plant and equipment is capitalized if the future economic benefits associated with the cost are expected to flow to the Company and the related cost is reliably determined. The carrying amount of the replaced item is written off from the accounting records. Maintenance and repair expenses related to property, plant and equipment are expensed as incurred.

iii. Depreciation

Depreciation is calculated over the cost of the asset less its residual value, using the straight-line method, based on the estimated useful life of the assets. Depreciation is recognized in profit and loss beginning from the time when the assets are available for use.

Below are the estimated useful lives for 2023, 2022 and 2021:

	Average useful Life
Buildings	46
Machinery and Equipment	19
Vehicles	11
Computers	8
Furniture	11

The Company has estimated the following residual values as of December 31, 2023, 2022 and 2021:

	Residual Value
Buildings	9%
Machinery and Equipment	8%
Vehicles	5%
Computers	0%
Furniture	2%

e) Goodwill

Goodwill arises as a result of the acquisition of a business over which control is obtained and is measured at cost less cumulative impairment losses; it is subject to annual tests for impairment.

f) Intangible assets

They are comprised of trade names and customer relationships derived from the acquisition of businesses in the United States of America. The cost of intangible assets acquired through a business combination represents their fair value at the acquisition date and they are recognized separately from goodwill. Subsequently, they are valued at cost less amortization and accumulated impairment losses.

Intangible assets are classified as having a definite or indefinite life. Those with a defined life are amortized under the straight-line method during their estimated life and when there are impairment indicators, they are tested for impairment. The amortization methods and the useful life of the assets are reviewed and adjusted, if necessary, at the date of each consolidated statement of financial position. Amortization is charged to income in the general expenses category. Those with an indefinite life are not amortized but are subject to impairment tests at least annually.

g) Biological assets

Biological assets whose fair value can be measured reliably are measured at fair value less costs of sale, with any change therein recognized in profit and loss. Costs of sale include all costs that would be necessary to sell the assets, excluding finance costs and income taxes.

The Company's biological assets consist of growing poultry, poultry in its different production stages, hatching eggs, breeder pigs, and growing pigs.

When fair value cannot be reliably, verifiably and objectively determined, assets are valued at production cost less accumulated depreciation, and any cumulative impairment loss. Depreciation related to biological assets forms part of the cost of inventories and current biological assets and is ultimately recognized within cost of sales in the statement of profit and loss and other comprehensive income.

Depreciation of poultry and breeder pigs is estimated based on the expected future life of such assets and is calculated on a straight-line basis.

	Expected average useful life (weeks)
Poultry in its different production stages	40-47
Breeder pigs	156

Biological assets are classified as current and non-current assets, based on the nature of such assets and their purpose, whether for commercialization or for reproduction and production.

h) Leased assets

The Company evaluates whether a contract is or contains a lease at the beginning of the contract term. A lease is defined as a contract that grants the right to control the use of an identified asset, for a specified period, in exchange for consideration. The Company recognizes a right-of-use asset and a corresponding lease liability, with respect to all the lease agreements in which it operates as lessee, except in the following cases: short-term leases (defined as leases with a term of lease less than 12 months); low-value asset leases (defined as asset leases with an individual market value of less than 5 thousand dollars); and, the lease contracts whose payments are variable (without any fixed contractually defined payment).

For these contracts that exclude the recognition of a right-of-use asset and a lease liability, the Company recognizes rental payments as a straight-line operating expense during the lease term.

The right-of-use asset is made up of discounted lease payments at present value; direct costs of obtaining a lease; advance lease payments; and the dismantling or asset removal obligations. The Company depreciates the right-of-use asset over the shorter period of the lease term and the useful life of the underlying asset; In this sense, when a purchase option in the lease is likely to be exercised, the right-of-use asset depreciates over its useful life. Depreciation begins on the start date of the lease.

The lease liability is measured at initial recognition by discounting future minimum income payments at present value according to a term, using a discount rate that represents the cost of obtaining financing in an amount equivalent to the value of the contract's income, for the acquisition of the underlying asset, in the same currency and for a period similar to the corresponding contract (incremental borrowing rate). When the contract payments contain non-lease components (services), the Company has chosen not to separate them and to measure all payments as a single lease component; however, for the rest of the asset classes, the Company measures the lease liability only considering the payments of components that are rents, while the services implicit in the payments are recognized directly in results as operating expenses.

To determine the term of the lease, the Company considers the mandatory term, including the probability of exercising any right to extend the term and / or an early termination.

Subsequently, the lease liability is measured by increasing the book value to reflect the interest on the lease liability (using the effective interest method) and reducing the book value to reflect the rental payments made.

When there are modifications to the lease payments for inflation, the Company remits the lease liability from the date the new payments are known, without reconsidering the discount rate. However, if the modifications are related to the term of the contract or change in circumstances that results in a change in the assessment of the exercise of a purchase option, the Company re-evaluates the discount rate in the measurement of the liability.

Any increase or decrease in the value of the lease liability subsequent to this re-measurement is recognized by increasing or decreasing to the same extent, as the case may be, the value of the right-of-use asset.

Finally, the lease liability is derecognized at the time the Company pays all of the contract's payments. When the Company determines that it is probable that it will exercise an early termination from the contract that merits a cash outlay, said consideration is part of the re-measurement of the liability mentioned in the preceding paragraph; however, in those cases in which the early termination does not imply a cash outlay, the Company pays the lease liability and the corresponding right of use asset, recognizing the difference between the two immediately in the consolidated statement of income.

i) 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.

j) Impairment

<u>Non-financial assets</u>

The carrying amounts of the Company's non-financial assets, other than inventories, biological assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is estimated or cash generating units, as the lowest between its value in use and the fair value less cost of sale. Goodwill and indefinite-lived intangible assets are tested annually for impairment on the same dates.

The Company defines the cash generating units and also estimates the periodicity and cash flows that they should generate. Subsequent changes in the group of cash-generating units, or changes in the assumptions that support the cash flow estimates or the discount rate could impact the carrying amounts of the respective asset.

The main assumptions for developing estimates of recoverable amounts are the estimates of the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate its present value. The Company estimates cash flow projections considering current market conditions, determination of future prices of goods and volumes of production and sales. In addition, for the purposes of the discount and perpetuity growth rates, the Company uses indicators of market and expectations of long-term growth in the markets in which it operates.

The Company estimates a discount rate before taxes for the purposes of the goodwill impairment test that reflects the risk of the corresponding cash-generating units and that enables the calculation of present value of expected future cash flows, as well as to reflect risks that were not included in the cash flow projection assumptions and premises. The discount rate that the Company estimates is based on the weighted average cost of capital. In addition, the discount rate estimated by the Company reflects the return that market participants would require if they had made a decision about an equivalent asset, as well as the expected generation of cash flow, time, and risk-and-return profiles.

The Company annually reviews the circumstances which led to an impairment loss arising from cash-generating units to determine whether such circumstances have been changed and that may result in the reversal of previously recognized impairment losses. An impairment loss in respect of goodwill is not reversed. For other long-lived assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if the impairment loss had not been recognized.

Impairment losses are recognized in profit and loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of CGUs), and subsequently to reduce the carrying amount of the other long-lived assets within the cash-generating unit (or group of CGUs) on a pro rata basis.

k) Held-for-sale assets

Held for sale assets mainly consist of foreclosed assets. Foreclosed assets are initially recorded at the lower of fair value less costs to sell or the net carrying amount of the related account receivable.

Immediately before being classified as held-for-sale, assets are valued according to the Company's accounting policies in accordance with the applicable IFRS. Subsequently, held-for-sale assets are recorded at the lower of the carrying amount and fair value less costs to sell. Impairment losses on initial classification of held-for-sale assets and subsequent remeasurement gains and losses are recognized in profit and loss. Recognized gains shall not exceed cumulative impairment losses previously recognized.

l) Other assets

Other long-term assets primarily include advances for the purchase of property, plant and equipment, investments in insurance policies and security deposits.

The Company owns life insurance policies of some of the former stockholders of Bachoco USA, LLC (foreign subsidiary). The Company records these policies at their net cash surrender value which approximates its fair value (see note 17).

m) Employee benefits

The Company grants to its employees in Mexico and abroad, different types of benefits as described below and as detailed in note 22.

i. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit and loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that the Company has the right to a cash refund or a reduction in future payments is available.

Contributions to a defined contribution plan due more than 12 months after the end of the period in which the employees render the service are discounted at present value.

ii. Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. It is funded by contributions made by the Company and is intended to meet the Company's labor obligations to its employees.

The Company´s net obligations in respect of defined benefit plans is calculated separately for each plan, estimating the amount of the future benefit that the employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value, and is reduced by the fair value of the plan assets. The discount rate is the yield at the end of the reporting period on high quality corporate bonds (or governmental bonds in the instance that a deep market does not exist for high quality corporate bonds, which is the case in Mexico) that have maturity dates approximating the terms of the Company´s obligations and that are denominated in the currency in which the benefits are expected to be paid. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income

The Company presents service cost as part of operating income in the consolidated statements of profit or loss and other comprehensive income (loss). Gains and losses for reduction of service are accounted for as past service costs.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. When the benefits of a plan are modified or improved, the portion of the improved benefits related to past services by employees is recognized in profit and loss on the earlier of the following dates: when there is a modification or curtailment to the plan, or when the Company recognizes the related restructuring costs or termination benefits.

Remeasurement adjustments, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), are reflected immediately with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in equity and is not reclassified to profit or loss.

iii. Short-term benefits

Short-term employee benefits are valued on a non-discounted basis and are expensed as the respective services are rendered.

A liability is recognized for the amount expected to be paid under the short-term cash bonus plans or statutory employee profit sharing (“PTU”, for its acronym in Spanish), if the Company has a legal or constructive obligation to pay such amounts as a result of prior services rendered by the employee, and the obligation may be reliably estimated.

On December 27, 2022, the decree was published by means of which articles 76 and 78 of the Federal Labor Law (“LFT”, for its acronym in Spanish) for Mexico were amended, which will take effect on January 1, 2023. The main changes caused by this labor reform consider the increase in the minimum annual vacation period for workers who have more than one year of service.

The Company evaluated the accounting impacts generated by this labor reform and determined that the increases in the vacation and vacation premium provision, as a result of the increase in vacation days, were not significant as of December 31, 2023 and 2022.

n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

When the effect of time value of money is significant, the amount of the provision is the present value of the disbursements expected to be necessary to settle the obligation. The discount rate applied is determined before taxes and reflects market conditions at the reporting date and takes into account the specific risk of the relevant liability, if any. The unwinding of the present value discount is recognized as a financial cost.

o) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company as a joint operator recognizes, in relation to its interest in a joint operation: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation, and its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to such assets, liabilities, revenues and expenses.

The Company has joint operations derived from the agreements for the development of its biological assets. For such operations, the Company accounts for its biological assets, its obligations derived from technical support, as well as the expenses it incurs with respect to the joint operations. The live poultry produced by the joint operation is ultimately used internally by the Company and may be sold by the Company to third parties. As a result, the joint operation itself does not generate any revenues with third parties.

p) Revenues

Revenues from the sale of goods in the course of ordinary activities are measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenues are recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that control over the product has been transferred to the customer. If it is probable that discounts will be granted and the amount can be measured reliably, the discount is recognized as a reduction of revenue.

The Company generally does not accept sales returns. No asset is recognized for product returns, due to the fact that such products are not expected to be sold or recovered in another manner given that they are perishable. To the extent sales returns occur, the product returns are made simultaneously with the delivery and acceptance of the product (same day).

The Company has concluded that all performance obligations are satisfied at the time of delivery of the product to the customer.

The Company has a variety of credit terms for its various distribution channels, all of which have short terms, consistent with market and industry practices. Accordingly, there are no financing components. A significant portion of sales in Mexico are collected in cash on delivery.

q) Financial income and costs and dividend income

Financial income comprises interest income from funds invested, fair value changes on financial assets at fair value through profit or loss and foreign currency exchange gains. Interest income is recognized in profit and loss, using the effective interest method. Dividend income is recognized in profit and loss on the date that the Company´s right to receive the payment is established.

Financial costs comprise interest expense for borrowings, foreign currency exchange losses and fair value changes on financial assets at fair value through profit and loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit and loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Exchange gains and losses are reported on a net basis.

r) Income taxes

Income tax expense is comprised of current and deferred tax. Current income taxes and deferred income taxes are recognized in profit and loss provided they do not relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the fiscal year, which can be applied to taxable income from previous years, using tax rates enacted or substantively enacted in each jurisdiction at the reporting date, plus any adjustment to taxes payable with respect to previous years. Current income tax payable also includes any tax liability arising from the payment of dividends.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for tax purposes.

Deferred income tax is not recognized for:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and did not affect either accounting or taxable profit or loss;
- differences related to investments in subsidiaries to the extent that it is probable that the Company is able to control the reversal date, and the reversion is not expected to take place in the near future.
- taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax is determined by applying the tax rates that are expected to apply in the period in which the temporary differences will reverse, based on the regulations enacted or substantively enacted at the reporting date.

The measurement of deferred income tax assets and liabilities reflect the tax consequences derived from the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities.

In determining the amount of current and deferred income tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that the balance for its income tax liabilities are appropriate for all tax years subject to be reviewed by the tax authorities based on its assessment of several factors, including the interpretation of the tax laws and prior experience.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be realized.

s) Earnings per share

The Company presents information on basic and diluted earnings per share ("EPS") related to its ordinary shares. Basic EPS is computed by dividing the profit and loss attributable to the holders of the Company's common shares by the weighted average number of outstanding ordinary shares during the period, adjusted for treasury shares held. Diluted EPS is determined by adjusting the profit and loss attributable to the holders of the ordinary shares and the outstanding weighted average number of ordinary shares, adjusted for treasury shares held, for the potential dilutive effects of all ordinary shares, including convertible instruments and options on shares granted to employees. At December 31, 2023, 2022 and 2021, the Company has no outstanding instruments that imply the existence of potential ordinary shares, for which reason basic and diluted EPS are the same.

t) Segment information

An operating segment is a component of the Company: i) that is engaged in business activities from which revenues and expenses may be obtained and incurred, including revenues and expenses related to transactions with any of the other components of the Company, ii) whose results are reviewed periodically by the chief operating decision maker for the purpose of resource allocation and assessment of segment performance, and iii) for which discrete financial information exists.

The Company discloses reportable segments based on operating segments whose revenues exceed 10% of the combined revenues from all segments, whose absolute value of profit or loss exceeds 10% of the combined absolute value of profit or loss from all segments, whose assets exceed 10% of the combined assets from all segments, or that result from the aggregation of two or more operating segments that share similar economic characteristics and meet the aggregation criteria under IFRS (note 2 d) iii).

u) Costs and expenses by function

Costs and expenses in the consolidated statements of profit and loss and other comprehensive income were classified by their function. The nature of costs and expenses is presented in Note 23.

v) Statement of cash flows

The Company presents cash flows from operating activities by using the indirect method, in which the income or loss is adjusted by the effects of items that do not require cash flows, including those related to investing or financing activities.

The Company classifies all interest received from its investments and accounts receivable as investment activities, and all interest paid as financing activities.

(4) Business and asset acquisitions

a) Norson Holding, S.A. de C.V. ("Norson")

On July 12, 2023, the Company acquired 100.00% of voting stock of Norson, which is dedicated to breeding, processing and distribution of pigs. The purchase price paid in cash was 80,237 thousand dollars ($1,368,037).

The purchase of Norson benefits the Company, within the "Other" segment which as it will allow to accelerate the pace of growth and continue advancing in the process of diversifying other animal proteins.

The assets acquired and the assumed liabilities of Norson were recognized based on the best estimate of their fair value at the acquisition date and the following 12 months thereafter.

The fair value of the assets was determined using cost and market approaches. The cost approach, which estimates the value based on the current replacement cost of an asset by another asset of equal usefulness, was used mainly for plant and equipment. The market approach, in which the value of an asset is based on available market prices for comparable assets, was used mainly for real estate.

Due to their liquidity or short-term maturities, as appropriate, the Company concluded that Norson's pre-acquisition carrying amounts for cash equivalents, accounts receivable, inventories, other current assets, accounts payable and other current liabilities approximate their fair value at the acquisition date.

Identifiable assets acquired and liabilities assumed

The following is a summary of the recognized amounts of acquired assets and assumed liabilities at the date, compared to the consideration paid:

		Acquisition value
Current assets, other than inventories	$	3,069,790
Inventories		1,547,746
Property, plant and equipment		1,994,370
Total assets		6,611,906
Current liabilities		(4,751,566)
Deferred income tax		96,535
Acquired net identifiable assets		1,956,875
Consideration paid		1,368,037
Net - bargain purchase gain (note 30)	$	588,838

Current assets are comprised of cash equivalents, accounts receivable and other current assets, for $71,856, $567,405 y $2,430,529, respectively; and current liabilities are comprised of trade payable and other accounts payable, and other liabilities for $2,832,656 y $1,918,910, respectively.

The net bargain purchase gain arises: 1) because the net of fair value of the assets at the acquisition date exceeds the amount of the consideration transferred, and 2) such gain is diminished by the impairment that was recognized because cash flow projections based on financial budgets are lower than the value in use of the net assets acquired at the time of acquisition. This is mainly due to the fact that the strategies followed by Norson in the past resulted in a high-cost structure and limited opportunity for improving profitability, resulting in a fair value of the business below that of its component parts. For this reason, a net - gain was recognized in other income (expense), net (see note 30) in the consolidated statement of profit or loss and other comprehensive income.

If the acquisition had occurred on January 1, 2023, then consolidated revenues and consolidated profits for the year ended December 31, 2023, would have totaled $98,750,371 and $3,555,913, respectively. When determining these amounts, Management assumed that the provisional adjustments to fair value recognized at the date of acquisition would have been similar if the acquisition had occurred on January 1, 2023.

Costs related to acquisition.

During 2023, the Company incurred costs related to the acquisition of Norson of $12,158 corresponding to external legal fees and due diligence costs, which are included in other expenses in the Company's consolidated statement of profit and loss and other comprehensive income.

b) Acquisition of RYC Alimentos, S.A. de C.V.

On January 24, 2022, the Company acquired 100.00% of voting stock of RYC Alimentos, S.A. de C.V., which is dedicated to the processing and distribution of multiproteins with operations in the states of Puebla, Oaxaca Veracruz and Tlaxcala, Mexico. The purchase price paid in cash was $1,251,516.

The purchase of RYC Alimentos, S.A. de C.V. benefits the Company, within the “Other” segment which as it will allow to accelerate the pace of growth and continue advancing in the process of diversifying other animal proteins.

The assets acquired and the assumed liabilities of RYC Alimentos, S.A. de C.V. were recognized based on the best estimate of their fair value at the acquisition date.

The fair value of the assets was determined using cost and market approaches. The cost approach, which estimates the value based on the current replacement cost of an asset by another asset of equal usefulness, was used mainly for plant and equipment. The market approach, in which the value of an asset is based on available market prices for comparable assets, was used mainly for real estate.

Due to their liquidity or short-term maturities, as appropriate, the Company concluded that RYC Alimentos, S.A. de C.V.’s pre-acquisition carrying amounts for cash equivalents, accounts receivable, inventories, other current assets, accounts payable and other current liabilities approximate their fair value at the acquisition date.

Identifiable assets acquired and liabilities assumed

The following is a summary of the recognized amounts of acquired assets and assumed liabilities at the date, compared to the consideration paid:

		Acquisition value
Current assets, other than inventories	$	429,756
Inventories		265,188
Property, plant and equipment		343,841
Total assets		1,038,785
Current liabilities		(725,190)
Deferred income tax		(68,798)
Acquired net identifiable assets		244,797
Consideration paid		1,251,516
Goodwill (note 15)	$	(1,006,719)

Current assets are comprised of cash equivalents, accounts receivable and other current assets, for $68,636, $188,224 and $172,896, respectively; and current liabilities are comprised of trade payable and other accounts payable, and other liabilities for $588,889 and $136,301, respectively.

Goodwill arises because the consideration transferred exceeds the fair value of the net assets acquired and the liabilities assumed on the acquisition date.

If the acquisition had occurred on January 1, 2022, then consolidated revenues and consolidated profits for the year ended December 31, 2022 would have totaled $98,890,655 and $6,047,792, respectively. When determining these amounts, Management assumed that the provisional adjustments to fair value recognized at the date of acquisition would have been similar if the acquisition had occurred on January 1, 2022.

Costs related to acquisition.

During 2022 and 2021, the Company incurred costs related to the acquisition of RYC Alimentos, S.A. de C.V. of $8,678 corresponding to external legal fees and due diligence costs, which are included in other expenses in the Company's consolidated statement of profit and loss and other comprehensive income.

(5) Subsidiaries of the Company

A list of subsidiaries and the Company's shareholding percentage in such subsidiaries as of December 31, 2023, 2022 and 2021 are presented below:

Name	Shareholding percentage in subsidiaries			
		December 31,		
	Country	2023	2022	2021
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
Wii kit RE LTD.	Bermuda	100.00	100.00	100.00
Proveedora La Perla S.A. de C.V.	Mexico	99.99	99.99	99.99
Sonora Agropecuaria, S.A. de C.V.	Mexico	97.70	54.84	54.84
RYC Alimentos, S.A. de C.V.	México	99.99	99.99	-
Norson Holding, S.A. de C.V.	México	99.99	-	-

The main subsidiaries of the group and their activities are as follows:

- Bachoco, S.A. de C.V. ("BSACV") (includes four subsidiaries which are 51% owned, and over which *BSACV* has control). *BSACV* is engaged in breeding, processing and marketing poultry goods (chicken and eggs).

- Bachoco USA, LLC. holds the shares of OK Foods, Inc. and, therefore, all operations controlled by the Company in the United States of America. The primary activities of Bachoco USA, LLC and its subsidiary are comprised of the production of chicken products and hatching eggs, mostly marketed in the United States of America and, to a lesser extent, in other foreign markets.

- Campi Alimentos, S.A. de C.V., is engaged in producing and marketing balanced animal feed and pet treats, mainly for sales to third parties.

- The main activity of Bachoco Comercial, S.A. de C.V. is the distribution of turkey, beef and pig value-added products.

- The main activity of Induba Pavos, S.A. de C.V. and Proveedora La Perla, S.A. of C.V.is the leasing of property, plant and equipment to its related parties.

- PEC LAB, S.A. de C.V. is the holding of the shares of Pecuarius Laboratorios, S.A. de C.V. Its main activity consists of the production and distribution of medicines and vaccines for animal consumption.

- Wii kit RE LTD. in Bermuda, it is a Class I reinsurance company that provides insurance coverage to its affiliates.

- Sonora Agropecuaria, S.A. DE C.V., in Mexico, it is dedicated to the pig processing and distribution. During 2021 the company merged Interswine S. de R.L. de C.V., Agropecuaria Sasapork S.P.R de R.L. de C.V., Cerdo Industrializado S.A. de C.V., Productora Industrializada S.A. of C.V. and Whitecaps S.A. de C.V., subsisting Sonora Agropecuaria, S.A. of C.V. as a merging. The transaction was recorded in accordance with that is described in the accounting policies, causing no impact on the Company's consolidated financial statements.

- RYC Alimentos, S.A. de C.V. in Mexico, it is dedicated to the processing and distribution of multi-proteins, mainly pork, beef and chicken.

- Norson Holding, S.A. de C.V. in Mexico, it is dedicated to the breeding, processing and distribution of pigs.

None of the Company’s contracts or loan agreements restrict the net assets of its subsidiaries.

(6) Operating segments

Reportable segments have been determined based on a product line approach. Intersegment transactions have been eliminated. The poultry segment consists of chicken and egg operations. The information included in the “Others” segment corresponds to operations of swine, balanced feed for animal consumption and other by-products that do not meet the quantitative thresholds to be considered as reportable segments.

Inter-segment pricing is determined on an arm’s length basis comparable to those which would be used with or between independent parties in comparable transactions. The accounting policies of operating segments are as those described in note 3 t).

Below is the information related to each reportable segment. Performance is measured based on each segment’s income before taxes, in the same manner as it is included in Management reports that are regularly reviewed by the Company’s Board of Directors, which has been identified as being responsible for making operational decisions, allocating resources and evaluating the performance of the operating segments.

a) Operating segment information

		Year ended December 31, 2023		
		Poultry	**Other**	**Total**
Net revenues	$	74,863,861	19,127,019	93,990,880
Cost of sales		62,726,032	16,222,464	78,948,496
Gross profit		12,137,829	2,904,555	15,042,384
Finance income		1,383,064	323,254	1,706,318
Finance costs		2,244,587	699,287	2,943,874
Income before taxes		4,726,865	954,419	5,681,284
Income taxes		1,360,148	(173,368)	1,186,780
Net income attributable to controlling interest		3,405,872	1,231,018	4,636,890
Property, plant and equipment, net		23,208,079	6,501,095	29,709,174
Non-current biological assets		2,204,087	824,836	3,028,923
Goodwill		1,341,017	1,114,784	2,455,801
Intangible assets		460,910	-	460,910
Total assets		56,956,641	23,031,693	79,988,334
Total liabilities		17,208,978	7,633,410	24,842,388
Purchases of property, plant and equipment		3,454,607	2,364,897	5,819,504
Depreciation and amortization		1,377,669	806,485	2,184,154
Depreciation of right-of-use assets		297,382	10,972	308,354

		Poultry revenues	**Other revenues**	**Total revenues**
Total revenues	$	74,997,392	19,193,257	94,190,649
Intersegments		(133,531)	(66,238)	(199,769)
Net revenues	$	74,863,861	19,127,019	93,990,880

		Year ended December 31, 2022		
		Poultry	**Other**	**Total**
Net revenues	$	84,373,464	14,517,191	98,890,655
Cost of sales		69,183,402	12,849,388	82,032,790
Gross profit		15,190,062	1,667,803	16,857,865
Finance income		720,216	138,973	859,189
Finance costs		1,038,215	122,700	1,160,915
Income before taxes		7,476,958	607,211	8,084,169
Income taxes		1,877,563	158,814	2,036,377
Net income attributable to controlling interest		5,599,395	514,759	6,114,154
Property, plant and equipment, net		21,664,244	2,914,250	24,578,494
Non-current biological assets		2,549,763	112,228	2,661,991
Goodwill		1,532,929	1,094,734	2,627,663
Intangible assets		589,715	-	589,715
Total assets		61,325,726	11,243,117	72,568,843
Total liabilities		15,551,498	4,115,998	19,667,496
Purchases of property, plant and equipment		3,377,387	1,463,441	4,840,828
Depreciation and amortization		1,408,348	404,391	1,812,739
Depreciation of right-of-use assets		268,082	82,950	351,032
Intangible impairment loss		18,930	-	18,930

		Poultry revenues	Other revenues	Total revenues
Total revenues	$	84,556,581	14,660,900	99,217,481
Intersegments		(183,118)	(143,708)	(326,826)
Net revenues	$	84,373,463	14,517,192	98,890,655

		Year ended December 31, 2021		
		Poultry	Other	Total
Net revenues	$	71,647,726	10,051,342	81,699,068
Cost of sales		59,195,273	9,161,381	68,356,654
Gross profit		12,452,453	889,961	13,342,414
Finance income		879,142	238,264	1,117,406
Finance costs		214,780	52,743	267,523
Income before taxes		6,052,051	689,687	6,741,738
Income taxes		1,655,934	151,704	1,807,638
Net income attributable to controlling interest		4,394,865	670,689	5,065,554
Property, plant and equipment, net		19,943,697	1,819,705	21,763,402
Non-current biological assets		2,308,577	49,560	2,358,137
Goodwill		1,600,592	88,015	1,688,607
Intangible assets		704,374	-	704,374
Total assets		58,387,628	7,601,133	65,988,761
Total liabilities		16,592,293	1,112,408	17,704,701
Purchases of property, plant and equipment		3,298,794	180,699	3,479,493
Depreciation and amortization		1,306,665	157,133	1,463,798
Depreciation of right-of-use assets		331,127	12,240	343,367
Intangible impairment loss		5,459	-	5,459

		Poultry revenues	Other revenues	Total revenues
Total revenues	$	71,660,739	10,090,925	81,751,664
Intersegments		(13,013)	(39,583)	(52,596)
Net revenues	$	71,647,726	10,051,342	81,699,068

b) Geographical information

When submitting information by geographic area, revenue is classified based on the geographic location where the Company's poultry segment customers are located. Segment assets are classified in accordance with their geographic location. Geographical information for the "Others" segment is not included below because the operations are carried out entirely within Mexico.

		Year ended December 31, 2023			
		Domestic poultry	**Foreign poultry**	**Operations between geographical segments**	**Total**
Net revenues	$	58,461,915	16,514,264	(112,318)	74,863,861
Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and investments in insurance policies:					
Property, plant and equipment, net		20,313,926	2,894,153	-	23,208,079
Non-current biological assets		1,727,504	476,583		2,204,087
Goodwill		212,833	1,128,184	-	1,341,017
Intangible assets		-	460,910	-	460,910

		Year ended December 31, 2022			
		Domestic poultry	**Foreign poultry**	**Operations between geographical segments**	**Total**
Net revenues	$	59,136,046	25,367,292	(129,874)	84,373,464
Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and investments in insurance policies:					
Property, plant and equipment, net		19,337,610	2,326,634	-	21,664,244
Non-current biological assets		1,557,757	992,006		2,549,763
Goodwill		212,833	1,320,096	-	1,532,929
Intangible assets		-	589,715	-	589,715

		Year ended December 31, 2021			
		Domestic poultry	**Foreign poultry**	**Operations between geographical segments**	**Total**
Net revenues	$	51,287,149	20,490,145	(129,567)	71,647,726
Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and investments in insurance policies:					
Property, plant and equipment, net		17,602,324	2,341,373	-	19,943,697
Non-current biological assets		1,420,262	888,315	-	2,308,577
Goodwill		212,833	1,387,759	-	1,600,592
Intangible assets		-	704,374	-	704,374

c) Major Customers

In Mexico, the Company's products are traded among a large number of customers, without significant concentration with any specific customer. Therefore, in 2023, 2022 and 2021, no customer represented over 10% of the Company's total revenues.

As of December 31, 2023, 2022 and 2021, the Company did not have operations with an individual customer that represented a significant concentration in the United States of America, more than 10% of the total income of the Company.

(7) Cash and cash equivalents

The consolidated balances of cash and cash equivalents as of December 31, 2023, 2022 and 2021 are as follows:

		December 31,		
		2023	**2022**	**2021**
Cash and banks	$	8,169,807	9,665,255	14,586,467
Investments with maturities less than three months		8,399,160	9,001,025	4,519,265
		16,568,967	18,666,280	19,105,732
Restricted cash		71,832	32,612	30,711
Total cash and cash equivalents	$	16,640,799	18,698,892	19,136,443

Restricted cash corresponds to the minimum margin required by the intermediary for the Company's derivative financial instruments on commodities in order to meet future commitments that may stem from adverse market movements affecting prices on the open positions as of December 31, 2023, 2022 and 2021.

(8) 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.

As of December 31, 2023, 2022 and 2021, the Company has not identified the existence of embedded derivatives.

Some of the Company's derivative financial instruments as of December 31, 2023, 2022 and 2021 meet the requirements to be treated as hedging instruments for accounting purposes (25,805, 188,296 and 11,238 thousand U.S. dollars of notional amounts).

As of December 31, 2023, 2022 and 2021, the Company has no derivative trading instruments.

Management by type or risk

a) Categories of financial assets and liabilities

The Company's financial assets and liabilities are shown below:

	December 31,		
	2023	**2022**	**2021**
Financial assets			
Cash and cash equivalents	$ 16,640,799	18,698,892	19,136,443
Investment in securities at fair value through profit or loss	22,357	206,737	10,841
Investment in securities at fair value through other comprehensive income	1,003,945	1,143,994	1,559,823
Investments in life insurance	62,610	71,981	74,148
Trade receivables	5,309,052	3,781,629	3,102,203
Due from related parties	1,186	637	291
Other long-term receivables	185,835	207,314	211,278
Derivative financial instruments	5,635	31,264	69,862
Financial liabilities			
Current and non-current financial debt	$ (6,227,706)	(4,192,015)	(1,993,911)
Trade payables, sundry creditors and expenses payable	(8,734,554)	(7,055,762)	(8,977,051)
Current and non-current lease liabilities	(552,834)	(569,585)	(651,480)
Due to related parties	(715,083)	(195,617)	(185,429)

b) Credit risk

Credit risk is defined as the potential loss of a portfolio of an amount owed to the Company due to lack of payment from a debtor, or for breach by a counterparty with which derivative financial instruments and investment in securities at fair value through profit or loss and other comprehensive income transactions are conducted.

The risk management process of credit risk contemplates the use of derivative financial instruments and investments at fair value through profit and loss, which are exposed to a market risk, as well as counterparty risk.

Measurement and monitoring of counterparty risk

In terms of valuation and monitoring of *Over the counter* ("OTC") derivative financial instruments and investments in securities, the Company currently measures its counterparty risk by identifying the *Credit Valuation Adjustment* ("CVA") and *Debit Valuation Adjustment* ("DVA").

For investments in securities denominated in Mexican pesos, the financial instruments valuation models used by price vendors incorporate market movements and credit quality of issuers, thereby implicitly including the counterparty risk of the transaction in the fair value measurement; therefore, the position in investment in securities includes the counterparty risk and no additional adjustment is carried out. The price of the instruments obtained from the price vendor is the mid-point between the bid price and the ask price (the "mid-price").

Investments in securities denominated in a foreign currency, not listed in Mexico, are recorded at prices contained in the broker's statements of account. The Company validates these market prices using Bloomberg, which incorporate market movements and the credit quality of issuers; thereby implicitly including the counterparty risk of the transaction and no related adjustment is carried out. The prices obtained from Bloomberg are mid prices.

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 $149,985, $159,613 and $157,012 as of December 31, 2023, 2022 and 2021, 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, 2023, 2022 and 2021, the fair value of such credit enhancements, determined by an appraisal at the time the credit lines were granted, is $3,281,527, $667,322 and $667,322, 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.

Investments

The Company limits its exposure to credit risk investing solely with counterparties that have been rated on a well-recognized credit rating scale or are deemed to be investment grade. Management constantly monitors credit ratings, and as it invests solely in securities with high credit ratings, it is not expected that any counterparty will fail to fulfill its obligations.

Financial guarantees granted

It is the Company's policy to grant financial guarantees solely to 100% owned subsidiary companies.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure, which as of the reporting date is as follows:

		December 31,		
		2023	**2022**	**2021**
Cash and cash equivalents	$	16,640,799	18,698,892	19,136,443
Investments in securities at fair value through profit or loss		22,357	206,737	10,841
Investment in securities at fair value through other comprehensive income		1,003,945	1,143,994	1,559,823
Investments in life insurance (Note 17)		62,610	71,981	74,148
Accounts receivable net of guarantees received		2,214,546	3,322,258	2,646,450
Derivative financial instruments		5,635	31,264	69,862
	$	19,949,892	23,475,126	23,497,567

c) Liquidity risk

Liquidity risk is defined as the potential loss stemming from the impossibility to renew liabilities or enter into other liabilities under normal terms, the early or forced sale of assets or the need to grant unusual discounts in order to meet obligations, or by the fact that a position cannot be disposed of, acquired or covered promptly through the establishment of an equivalent contrary position.

Liquidity risk management process considers the management of the assets and liabilities included in the consolidated statements of financial position (*Assets Liabilities Management* - ALM) in order to anticipate funding difficulties because of extreme events.

Monitoring

The risk management and financial planning areas of the Company, measure, monitor and report to the Risk Committee liquidity risks associated with the ALM and prepare limits for the authorization, implementation and operation thereof, as well as contingent action measures in case of liquidity requirements.

Liquidity risk caused by differences between current and projected cash flows at different dates are measured and monitored, considering all asset and liability positions of the Company denominated in local and foreign currency. Similarly, funding diversification and sources to which the Company has access are evaluated.

The Company quantifies the potential loss arising from early or forced sale of assets or sale at unusual discounts to meet its obligations in a timely manner, as well as by the fact that a position cannot be disposed of, acquired or covered timely through the establishment of a contrary equivalent position.

Liquidity risk monitoring considers a liquidity gap analysis, scenarios for lack of liquidity and use of alternative sources of financing.

Below are the contractual maturities of the financial liabilities, including estimated interest payments. As of the date of the consolidated financial statements, there are no financial instruments which have been offset or recognized positions that are subject to offsetting rights.

Maturity table

		December 31, 2023		
		Less than 1 year	**1 to 3 years**	**3 to 5 years**
Trade payables, sundry creditors and expenses payable	$	8,734,554	-	-
Due to related parties		715,083	-	-
Lease liabilities		285,218	212,154	55,462
Financial debt, maturities at variable rates				
In dollars		1,154,484	-	-
In pesos		1,347,956	3,725,266	-
Interest		168,450	1,153,953	-
Total financial liabilities	$	12,405,745	5,091,373	55,462

		December 31, 2022		
		Less than 1 year	**1 to 3 years**	**3 to 5 years**
Trade payables, sundry creditors and expenses payable	$	7,055,762	-	-
Due to related parties		195,617	-	-
Lease liabilities		350,562	178,171	40,852
Financial debt, maturities at variable rates				
In pesos		1,181,532	3,010,483	-
Interest		433,294	529,690	-
Total financial liabilities	$	9,216,767	3,718,344	40,852

		December 31, 2021		
		Less than 1 year	**1 to 3 years**	**3 to 5 years**
Trade payables, sundry creditors and expenses payable	$	8,977,051	-	-
Due to related parties		185,429	-	-
Lease liabilities		279,809	324,630	47,041
Financial debt, maturities at variable rates				
In pesos		1,993,911	-	-
Interest		85,854	-	-
Total financial liabilities	$	11,522,054	324,630	47,041

At least on a monthly basis, Management evaluates and advises the Board of Directors on its liquidity. As of December 31, 2023, the Company has evaluated that it has sufficient resources to meet its obligations in the short and long term; therefore, it does not consider having liquidity gaps in the future and it will not be necessary to sell assets to pay its debts at unusual discounts or at out-of-market prices.

d) Market risk

Market risk is defined as the potential loss arising from the portfolio of derivative financial instruments and investment in securities for changes in risk factors that affect the valuation of short or long positions. In this sense, the uncertainty of future losses resulting from changes in market conditions (interest rates, foreign currency, prices of commodities, among others), which directly affects movements in the price of both assets and liabilities, is detected.

The Company measures, monitors and reports all financial instruments subject to market risk, using sensitivity measurement models to show the potential loss associated with movements in risk variables, according to different scenarios on rates, prices and types of change during the period.

Monitoring

Sensitivity analyses are prepared at least monthly and are compared with the limits established. Any excess identified is reported to the Risk Committee.

Stress tests
At least monthly, the Company conducts stress tests calculating the value of the portfolios and considering changes in risk factors observed in historical dates of financial stress.

i. Commodities price risk

With respect to risks related to commodities designated in a formal hedging relationship, the Company seeks protection against downward variations in the agreed-upon price of corn and/or sorghum with the producer, which may represent an opportunity cost as there are lower prices in the current market upon receiving the inventory, and to hedge the risk of a decline in prices between the receipt date and that of inventory consumption.

Purchases of corn and/or sorghum are formalized through an agreement denominated "Forward buy-sell agreement", which has the following characteristics:

- Transaction date
- Number of agreed-upon tons
- Harvest, state and agricultural cycle from which the harvest originates
- Price of product per ton, plus quality award or penalty

Agricultural agreements that result in firm commitments are linked to two corn and/or sorghum agricultural cycles, and in contracting purchases, both contracting cycles and dates are itemized as follows:

- Fall-winter Cycle - is usually between December and March, while the fall-winter cycle harvest period takes place during May, June and July. However, corn and/or sorghum harvest could lengthen up to one month or several months, depending on the weather conditions, such as drought and frost.
- Spring-summer Cycle - the spring-summer cycle usually takes place during the July and August and the harvest depends on each state of the country and is highly variable.

During 2023, 2022 and 2021 the Company did not participate in any program as buyer of the corn and/or sorghum crops and did not receive any subsidy.

With respect to the risk in *commodities* that are not designated in a formal hedging relationship and to which the Company is exposed, sensitivity tests on corn and sorghum futures agreements are performed, considering different (bullish and bearish) scenarios. The results of these sensitivity analyses are presented in paragraph g) of this note.

ii. Chicken price risk

The Company is exposed to financial risks mainly related to changes in the price of chicken. The Company presently does not anticipate that the price of chicken will decrease to a level that represents a risk to the Company in the future; therefore, as of December 31, 2023, 2022 and 2021, it has not entered into any derivative financial instrument or other agreement for managing the risk related to a decrease in the chicken price.

The Company reviews chicken prices frequently in order to evaluate the need of having a financial instrument to manage the risk of price increases.

iii. 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 2023 and 2021, the Company entered into derivative financial instrument positions as economic hedges to mitigate exchange rate risks.

iv. Foreign currency position

The Company has financial instrument assets and liabilities denominated in foreign currency on which there is an exposure to currency risk.

Below is the foreign currency position that the Company has as of December 31, 2023, 2022 and 2021.

		December 31,					
		2023		2022		2021	
		Dollars	Mexican Pesos	Dollars	Mexican Pesos	Dollars	Mexican Pesos
Assets							
Cash and cash equivalents	$	561,738	9,532,694	557,318	10,873,274	466,221	9,562,193
Investment in securities at fair value through profit or loss		559	9,486	10,596	206,737	529	10,841
Investment in securities at fair value through other comprehensive income		59,060	1,002,248	58,636	1,143,994	76,052	1,559,823
Accounts receivable		14,228	241,449	3,820	74,528	3,572	73,268
Total assets		635,585	10,785,877	630,370	12,298,533	546,374	11,206,125
Liabilities							
Trade accounts payable		(206,516)	(3,504,582)	(136,256)	(2,658,358)	(277,467)	(5,690,856)
Financial debt		(68,031)	(1,154,484)	-	-	-	-
Lease liabilities		(10,647)	(180,674)	(6,362)	(124,128)	(7,854)	(161,088)
Total Liabilities		(285,194)	(4,839,740)	(142,618)	(2,782,486)	(285,321)	(5,851,944)
Net asset position	$	350,391	5,946,137	487,752	9,516,047	261,053	5,354,181

The Company performs a sensitivity analysis related to the potential effects of changes in exchange rates on its financial information. These results are shown in paragraph g) of this note. This analysis represents the scenarios that Management considers reasonably possible of occurring.

The following is a detail of exchange rates effective during the fiscal year:

		Average exchange rate			Spot exchange rate at December 31,		
		2023	2022	2021	2023	2022	2021
Dollars	$	17.19	20.11	20.29	16.97	19.51	20.51

The exchange rate at the date of issuance of the consolidated financial statements is $16.69.

v. Interest rate risk

The Company is exposed to fluctuations in interest rates for certain financial instruments, such as its investments in financial instruments, bank loans and debt securities. This risk is managed taking into account market conditions and the criteria of its Risk Committee and Board of Directors.

Interest rate fluctuations impacted mainly bank loans by changing either their fair value (fixed rate debt) or the future cash flows (variable rate debt). Management does not have a formal policy to determine how much of the Company's exposure to interest rates should be at fixed or variable. However, at the time of obtaining new loans, Management uses its judgment considering technical analyses and market forecasts to decide whether fixed or variable rate instruments would be more favorable during the terms of such instruments.

To monitor this risk, the Company performs sensitivity tests at least monthly to measure the effect of the change in interest rates in the instruments described in the preceding paragraph, which are summarized in subsection g) of this note.

e) Financial instruments at fair value

The amounts of accounts payable and accounts receivable approximate their fair value because of their nature and short-term maturities.

The table below summarizes the fair value of the financial instruments that are recognized at amortized cost, together with the carrying amount included in the consolidated statements of financial position:

Liabilities recorded at amortized cost		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
		2023		2022		2021	
Financial debt	$	6,227,706	6,234,877	4,192,015	4,200,741	1,993,911	1,994,423

f) Fair value hierarchy

The fair value of financial assets and liabilities is determined as follows:

- The fair value of the financial assets and liabilities that have standard terms and conditions and are traded in active liquid markets, which are determined by reference to quoted market prices (market approach), therefore, these instruments are considered Level 1 hierarchy according to the classification of fair value hierarchy described in note 2 b).

- The fair value of derivative financial instruments of the Company (*commodities*) is determined based on the future prices of the Chicago Stock Exchange, so these instruments are considered Level 2 hierarchy.

The following table summarizes financial instruments carried at fair value:

	Level 1	Level 2	Level 3	Total
As of December 31, 2023				
Investment in securities at fair value through profit or loss	$ 22,357	-	-	22,357
Investment in securities at fair value through other comprehensive income	1,003,945	-	-	1,003,945
Derivative financial instruments	-	5,635	-	5,635
	$ 1,026,302	5,635	-	1,031,937

	Level 1	Level 2	Level 3	Total
As of December 31, 2022				
Investment in securities at fair value through profit or loss	$ 206,737	-	-	206,737
Investment in securities at fair value through other comprehensive income	1,143,994	-	-	1,143,994
Derivative financial instruments	-	31,264	-	31,264
	$ 1,350,731	31,264	-	1,381,995

	Level 1	Level 2	Level 3	Total
As of December 31, 2021				
Investment in securities at fair value through profit or loss	$ 10,841	-	-	10,841
Investment in securities at fair value through other comprehensive income	1,559,823	-	-	1,559,823
Derivative financial instruments	-	69,862	-	69,862
	$ 1,570,664	69,862	-	1,640,526

Information regarding the hierarchy of fair value measurements related to financial liabilities that are not recognized at fair value, but for which disclosures are required, is summarized below:

	Level 1	Level 2	Level 3	Total
As of December 31, 2023				
Financial debt - bank institutions	$ -	(3,241,137)	-	(3,241,137)
Financial debt – debt securities	(2,993,740)	-	-	(2,993,740)
	$ (2,993,740)	(3,241,137)	-	(6,234,877)

	Level 1	Level 2	Level 3	Total
As of December 31, 2022				
Financial debt - bank institutions	$ -	(1,187,098)	-	(1,187,098)
Financial debt – debt securities	(3,013,643)	-	-	(3,013,643)
	$ (3,013,643)	(1,187,098)	-	(4,200,741)

		Level 1	Level 2	Level 3	Total
As of December 31, 2021					
Financial debt - bank institutions	$	-	(500,246)	-	(500,246)
Financial debt – debt securities		(1,494,177)	-	-	(1,494,177)
	$	(1,494,177)	(500,246)	-	(1,994,423)

g) Quantitative sensitivity measurements

The following are sensitivity analysis for the most significant risks to which the Company is exposed as of December 31, 2023, 2022 and 2021. These analyses represent the scenarios that Management believes are reasonably possible of occurring in future periods and were evaluated in accordance with the policies of the Company's Risk Committee.

i. Derivative Financial Instruments related to exchange rate and commodities risks

As of December 31, 2023, the Company has taken positions on derivative financial instruments to hedge exchange rate risks and commodities.

A 15% increase in the Mexican peso with respect to the U.S. dollar as of the end of 2023, 2022 and 2021 would have resulted in a valuation gain of $405, $695,381 and $34,443 on the fair value of the Company's exchange rate derivative financial instruments position. On the other hand, a decrease of 15% in the aforementioned rate would have resulted in an additional valuation loss during the respective periods of $130,969, $277,292 and $34,698.

The following table shows the Company's sensitivity to an increase and decrease of 15% for 2023, 2022 and 2021 in the "*bushel*" price of corn and short ton price of soybeans.

	Effect of Increase			Effect of Decrease		
	2023	2022	2021	2023	2022	2021
Loss (profit) for the year	$ (21,973)	(427,646)	(37,847)	$ 35,717	148,512	20,919

ii. Interest rate risk

As described in Note 18, the Company has financial debt denominated in pesos and dollars, which bear interest at variable rates based on TIIE and LIBOR, respectively.

The following table shows the Company's sensitivity to an increase and decrease of 50 basis points for 2023, 2022 and 2021, in the variable rates to which the Company is exposed.

	Effect of Increase			Effect of Decrease		
	2023	2022	2021	2023	2022	2021
Loss (profit) for the year	$ 31,138	20,960	8,291	$ (31,138)	(20,960)	(8,291)

iii. Exchange risk

As of December 31, 2023, 2022 and 2021, the Company's net monetary liability position in foreign currency was $5,946,137, $9,516,047 and $5,354,181, respectively.

The following table shows the Company's sensitivity of an increase and decrease of 30% for 2023, 2022 and 2021, in exchange rate, which would have an effect in the result from foreign currency position.

	Effect of Increase			Effect of Decrease		
	2023	2022	2021	2023	2022	2021
Loss (profit) for the year	$ (1,783,842)	(2,854,818)	(1,606,243)	$ 1,783,842	2,854,818	1,606,243

(9) Accounts receivable, net

As of December 31, 2023, 2022 and 2021, accounts receivable are as follows:

	December 31,		
	2023	2022	2021
Trade receivables	$ 5,358,083	3,836,040	3,162,920
Allowance for doubtful accounts	(49,031)	(54,411)	(60,717)
Income tax receivable	554,482	843,213	121,315
Recoverable value-added tax and other recoverable taxes [1]	2,166,103	1,329,062	1,884,649
	$ 8,029,637	5,953,904	5,108,167

(1) Includes the tax refund requested during 2022 in the United States of America for $483,400, with respect to the Coronavirus Aid, Relief, and Economic Security Act ("CARES"), see note 21.

Past-due but not impaired portfolio

Below is a classification of trade accounts receivable according to their aging as of the reporting date, which has not been subject to impairment:

	December 31,		
	2023	2022	2021
Past due at 60 days	1,195,053	72,817	8,079
Past due by more than 60 days	74,163	14,938	8,443
	$ 1,269,216	87,755	16,522

The Company believes that non-impaired amounts that are past-due by more than 60 days can still be collected, based on the historical behavior of payments and analysis of credit ratings of customers.

Reconciliation of movements in allowance for doubtful accounts

	2023	2022	2021
Balance as of January 1	$ (54,411)	(60,717)	(68,360)
Increase in allowance	(1,988)	(617)	(706)
Amounts written off	6,998	6,800	8,436
Currency translation effect	370	123	(87)
Balance as of December 31,	$ (49,031)	(54,411)	(60,717)

As of December 31, 2023, 2022 and 2021 the Company has receivables in legal proceedings (receivables for which legal counsel is seeking recoverability) of $149,985, $159,613 and $157,012, respectively.

To determine the recoverability of an account receivable, the Company considers any change in the credit quality of the account receivable from the date of authorization of the credit line to the end of the reference period. In addition, the Company estimates that the credit risk concentration is limited as the customer base is very large and there are no related party receivables or receivables from entities under common control.

Expected credit losses

The Company recognizes expected credit losses for life for trade accounts receivable, which are estimated using a provision matrix based on the Company's historical experience of credit losses, adjusted for factors that are specific each of the Company’s customer and debtor groups, general economic conditions and an assessment of both the current and forecast conditions at the reporting date, including the time value of money when appropriate.

The expected credit losses for 2023, 2022 and 2021 in trade accounts receivable under IFRS 9 *Financial Instruments* were estimated at $53,301, $47,470 and $37,249, considering the balances of the portfolio and the different customer groups of the Company.

The Company decided to maintain its previously recorded estimated reserve for doubtful accounts for its subsidiaries, according to balances shown in the reconciliation of movements in the estimate of doubtful accounts shown above, although such amounts were lower during 2023 and higher than the expected credit losses in 2022 and 2021, as described in the previous paragraph.

(10) Inventories

As of December 31, 2023, 2022 and 2021, inventories are as follows:

		December 31,		
		2023	**2022**	**2021**
Raw materials and by-products	$	3,122,753	3,193,841	2,775,890
Medicine, materials and spare parts		2,229,937	1,600,533	1,344,944
Balanced feed		977,763	576,497	467,359
Processed chicken		2,435,540	2,324,794	1,552,946
Commercial eggs		101,217	61,833	63,764
Processed beef		266,206	150,505	167,582
Processed pork		716,313	262,570	-
Processed turkey		25,145	13,310	1,620
Other processed products		20,740	30,239	1,885
Total	$	9,895,614	8,214,122	6,375,990

Inventory consumption for the years ended December 31, 2023, 2022 and 2021 was $60,133,606, $64,998,326 and $54,103,917, respectively (note 23).

The adjustment to the net realizable value of certain inventories during 2023, 2022 and 2021 was for $65,426, $61,175 and $39,975, respectively.

(11) Biological assets

For the years ended December 31, 2023, 2022 and 2021, biological assets are as follows:

		Current biological assets	Non-current biological assets	Total
Balance as of January 1, 2023	$	3,377,910	2,661,991	6,039,901
Increase due to purchases		944,989	949,332	1,894,321
Sales		-	119,301	119,301
Net increase due to births		1,111,094	3,525,205	4,636,299
Production cost		46,863,378	2,819,583	49,682,961
Depreciation		-	(3,306,970)	(3,306,970)
Transfers to inventories		(48,704,073)	(3,525,205)	(52,229,278)
Other		67,492	(214,314)	(146,822)
Balance as of December 31, 2023	$	3,660,790	3,028,923	6,689,713

		Current biological assets	Non-current biological assets	Total
Balance as of January 1, 2022	$	2,769,612	2,358,137	5,127,749
Increase due to purchases		510,564	1,001,615	1,512,179
Sales		-	(287,245)	(287,245)
Net increase due to births		904,091	3,495,308	4,399,399
Production cost		50,857,104	2,746,934	53,604,038
Depreciation		-	(3,111,127)	(3,111,127)
Transfers to inventories		(51,744,783)	(3,495,308)	(55,240,091)
Other		81,322	(46,323)	34,999
Balance as of December 31, 2022	$	3,377,910	2,661,991	6,039,901

		Current biological assets	Non-current biological assets	Total
Balance as of January 1, 2021	$	2,012,668	1,991,530	4,004,198
Increase due to purchases		429,551	840,112	1,269,663
Sales		-	(46,866)	(46,866)
Net increase due to births		377,449	3,083,747	3,461,196
Production cost		42,518,242	2,335,691	44,853,933
Depreciation		-	(2,784,562)	(2,784,562)
Transfers to inventories		(42,628,413)	(3,083,747)	(45,712,160)
Other		60,115	22,232	82,347
Balance as of December 31, 2021	$	2,769,612	2,358,137	5,127,749

The “Other” category includes the change in fair value of biological assets that resulted in a decrease of $55,515 in 2023, increase of $85,006 in 2022 and decrease of $48,338 in 2021.

The Company is exposed to different risks relating to its biological assets:

- Future excesses in the offer of poultry products and a decline in the demand growth of the chicken industry may negatively affect the Company’s results.

- Increases in raw material prices and price volatility may negatively affect the Company's margins and results.
- In addition, in the case of the Company's operations in the United States of America, the cost of corn and grain may be affected by an increase in the demand for ethanol, which may reduce the market's available corn inventory.
- Operations in Mexico and the United States of America are based on animal breeding and meat processing, which are subject to sanitary risks and natural disasters.
- Hurricanes and other adverse climate conditions may result in additional inventory losses and damage to the Company's facilities and equipment.

(12) Prepaid expenses and other current assets

As of December 31, 2023, 2022 and 2021, prepaid expenses and other current assets are as follows:

		December 31,		
		2023	**2022**	**2021**
Advances to suppliers of inventories	$	759,828	892,383	2,163,450
Prepaid expenses for services		697,351	386,775	264,208
Prepaid expenses for insurance and sureties		131,006	84,011	95,441
Notes receivable [(1)]		-	818,287	-
Other current assets		287,602	168,126	234,024
Total	$	1,875,787	2,349,582	2,757,123

(1) The account receivable corresponded to a loan granted to a legal entity, which was documented with a promissory note with interest due in May 2023.

(13) Assets held for sale

As of December 31, 2023, 2022 and 2021, assets held for sale are as follows:

		December 31,		
		2023	**2022**	**2021**
Buildings	$	43,116	24,123	24,786
Land		37,324	31,612	31,793
Other		1,600	1,019	857
Total	$	82,040	56,754	57,436

The Company recognized gains (losses) on sales of these assets of $2,158, $912 and ($31) during 2023, 2022 and 2021, respectively.

(14) Property, plant and equipment

As of December 31, 2023, 2022 and 2021, property, plant and equipment are comprised as follows:

Cost		Balance as of January 1, 2023	Acquisition additions (1)	Additions	Disposals	Currency translation effect	Balance as of December 31, 2023
Land	$	1,876,512	287,955	299,390	(2,150)	(11,938)	2,449,769
Buildings and construction		14,573,775	1,801,378	948,470	(59,614)	(239,838)	17,024,171
Machinery and equipment		20,432,764	1,096,742	1,883,200	(248,173)	(410,251)	22,754,282
Transportation equipment		3,165,451	107,327	560,745	(151,365)	(5,727)	3,676,431
Computer equipment		185,098	104,979	8,646	(6,412)	(6,912)	285,399
Furniture		233,819	22,989	27,202	(6,604)	(1,127)	276,279
Leasehold improvements		9,887	-	18,191	-	-	28,078
Construction in progress		2,850,822	128,027	2,073,660	-	(71,012)	4,981,497
Total	$	43,328,128	3,549,397	5,819,504	(474,318)	(746,805)	51,475,906

Accumulated depreciation		Balance as of January 1 2023	Depreciation acquisition (1)	Depreciation for the year	Disposals	Currency translation effect	Balance as of December 31, 2023
Buildings and construction	$	(6,380,062)	(595,263)	(535,987)	29,476	77,134	(7,404,702)
Machinery and equipment		(10,881,104)	(754,527)	(1,323,609)	139,631	326,483	(12,493,126)
Transportation equipment		(1,173,770)	(85,224)	(270,326)	102,305	3,718	(1,423,297)
Computer equipment		(150,998)	(98,278)	(16,145)	5,965	6,789	(252,667)
Furniture		(163,700)	(21,735)	(13,979)	5,413	1,061	(192,940)
Total	$	(18,749,634)	(1,555,027)	(2,160,046)	282,790	415,185	(21,766,732)

Cost		Balance as of January 1, 2022	Additions	Disposals	Currency translation effect	Balance as of December 31, 2022
Land	$	1,679,402	202,220	(410)	(4,700)	1,876,512
Buildings and construction		13,493,619	1,179,094	(11,520)	(87,418)	14,573,775
Machinery and equipment		18,457,985	2,458,979	(330,092)	(154,108)	20,432,764
Transportation equipment		2,670,699	628,478	(131,806)	(1,920)	3,165,451
Computer equipment		163,020	33,266	(8,327)	(2,861)	185,098
Furniture		213,722	29,047	(8,409)	(541)	233,819
Leasehold improvements		7,334	2,553	-	-	9,887
Construction in progress		2,552,589	307,191	-	(8,958)	2,850,822
Total	$	39,238,370	4,840,828	(490,564)	(260,506)	43,328,128

Accumulated depreciation		Balance as of January 1 2022	Depreciation for the year	Disposals	Currency translation effect	Balance as of December 31, 2022
Buildings and construction	$	(6,109,840)	(305,006)	8,407	26,377	(6,380,062)
Machinery and equipment		(10,044,432)	(1,199,787)	240,147	122,968	(10,881,104)
Transportation equipment		(1,028,715)	(242,860)	96,365	1,440	(1,173,770)
Computer equipment		(142,175)	(19,479)	7,936	2,720	(150,998)
Furniture		(149,806)	(21,921)	7,480	547	(163,700)
Total	$	(17,474,968)	(1,789,053)	360,335	154,052	(18,749,634)

Cost		Balance as of January 1, 2021	Additions	Disposals	Currency translation effect	Balance as of December 31, 2021
Land	$	1,655,428	21,342	-	2,632	1,679,402
Buildings and construction		12,821,193	626,606	(3,039)	48,859	13,493,619
Machinery and equipment		17,116,908	1,528,891	(274,090)	86,276	18,457,985
Transportation equipment		2,445,634	399,687	(175,643)	1,021	2,670,699
Computer equipment		151,117	11,345	(1,078)	1,636	163,020
Furniture		205,933	17,162	(9,728)	355	213,722
Leasehold improvements		8,037	-	(703)	-	7,334
Construction in progress		1,675,894	874,460	-	2,235	2,552,589
Total	$	36,080,144	3,479,493	(464,281)	143,014	39,238,370

Accumulated depreciation		Balance as of January 1 2021	Depreciation for the year	Disposals	Currency translation effect	Balance as of December 31, 2021
Buildings and construction	$	(5,836,750)	(262,839)	2,360	(12,611)	(6,109,840)
Machinery and equipment		(9,267,337)	(923,114)	204,221	(58,202)	(10,044,432)
Transportation equipment		(965,535)	(183,530)	121,112	(762)	(1,028,715)
Computer equipment		(130,187)	(11,532)	977	(1,433)	(142,175)
Furniture		(146,513)	(12,082)	9,092	(303)	(149,806)
Total	$	(16,346,322)	(1,393,097)	337,762	(73,311)	(17,474,968)

		December 31,		
Carrying amounts, net		2023	2022	2021
Land	$	2,449,769	1,876,512	1,679,402
Buildings and construction		9,619,469	8,193,713	7,383,779
Machinery and equipment		10,261,156	9,551,660	8,413,553
Transportation equipment		2,253,134	1,991,681	1,641,984
Computer equipment		32,732	34,100	20,845
Furniture		83,339	70,119	63,916
Leasehold improvements		28,078	9,887	7,334
Construction in progress		4,981,497	2,850,822	2,552,589
Total	$	29,709,174	24,578,494	21,763,402

Additions of property, plant and equipment in 2023 and 2022 include assets acquired through business combinations of $1,994,370 and $343,841 that consist of the following:

		2023 (1)	2022
Land	$	287,955	94,864
Buildings and construction		1,206,115	100,393
Machinery and equipment		342,215	111,293
Transportation equipment		22,103	23,853
Computer equipment		6,701	9,263
Furniture		1,254	3,115
Construction in progress		128,027	1,060
Total	$	1,994,370	343,841

Depreciation expense during the years ended December 31, 2023, 2022 and 2021 was $2,160,046, $1,789,053 and $1,393,097, respectively, which was charged to cost of sales and operating expenses, see note 23.

(15) Goodwill

		2023	2022	2021
Balances at beginning of the year	$	2,627,663	1,688,607	1,650,716
Business combination occurred during the year (note 4)		-	1,006,719	-
Foreign currency effects		(171,862)	(67,663)	37,891
Balances at end of year	$	2,455,801	2,627,663	1,688,607

The recoverable amount of the cash-generating unit is determined based on a calculation of its value in use, which uses projections of the estimated cash flows based on financial budgets approved by Management for a determined projection period, which are discounted using an annual discount rate.

For the years ended December 31, 2023, 2022 and 2021, no goodwill impairment loss was determined.

Projections of the cash flows during the budgeted period are based on sales projections which include increases due to inflation, as well as the projection of expected gross margins and operating margins during the budgeted period. Cash flows that exceed such period are extrapolated using an annual stable growth rate, which is the long-term weighted average growth rate for the market in which the cash-generating unit operates.

The assumptions and balances of each cash-generating unit are as follows:

2023

Cash-generating unit		Final balance of the year	Projection period (years)	Annual discount rate (%)	Annual growth rate (%)
Bachoco - Istmo and Peninsula regions	$	212,833	5	14.99%	3.00%
Campi		88,015	5	14.99%	3.00%
RYC		1,006,719	5	14.99%	7.60%
Ok Farms - Morris Hatchery, Inc. Arkansas		56,279	5	4.83%	1.00%
Ok Farms - Morris Hatchery Inc. Georgia		95,028	5	4.83%	1.00%
Ok Foods- Albertville Quality Foods, Inc.		996,927	5	10.50%	3.00%
	$	2,455,801			

2022

Cash-generating unit		Final balance of the year	Projection period (years)	Annual discount rate (%)	Annual growth rate (%)
Bachoco - Istmo and Peninsula regions	$	212,833	5	13.99%	3.00%
Campi		88,015	5	13.99%	3.00%
RYC		1,006,719	5	13.99%	7.60%
Ok Farms - Morris Hatchery, Inc. Arkansas		64,702	5	3.99%	1.00%
Ok Farms - Morris Hatchery Inc. Georgia		109,251	5	3.99%	1.00%
Ok Foods- Albertville Quality Foods, Inc.		1,146,143	5	11.00%	3.00%
	$	2,627,663			

2021

Cash-generating unit		Final balance of the year	Projection period (years)	Annual discount rate (%)	Annual growth rate (%)
Bachoco - Istmo and Peninsula regions	$	212,833	5	12.63%	3.00%
Campi		88,015	5	12.63%	3.00%
Ok Farms - Morris Hatchery, Inc. Arkansas		68,019	5	3.26%	0.00%
Ok Farms - Morris Hatchery Inc. Georgia		114,851	5	3.26%	0.00%
Ok Foods- Albertville Quality Foods, Inc.		1,204,889	5	10.00%	3.40%
	$	1,688,607			

As of December 31, 2023, the percentage by which the recoverable amount of each cash-generating unit exceeds its carrying amount is shown below:

Cash-generating unit	%
Bachoco - Istmo and Peninsula regions	9%
Campi	362%
RYC	26%
Ok Farms- Morris Hatchery Inc. Arkansas	138%
Ok Farms- Morris Hatchery Inc. Georgia	102%
Ok Foods- Albertville Quality Foods, Inc.	61%

Management considers that any possible reasonable change in the key assumptions (revenue growth rate and annual discount rate), on which the recoverable amount is based, would not cause the carrying amount of the cash-generating units to be less than their recoverable amount.

The Company performed a sensitivity analysis considering a decrease in the revenue growth rate of 200 basis points and an increase of 200 basis points in the annual discount rate, as a result of this analysis, the Company concluded that for all cash-generating units there is no impairment to recognize.

(16) Intangible assets

The balances as of December 31, 2023, 2022 and 2021 for $460,910, $589,715 and $704,374 are mainly comprised of trade names and customer relationships derived from the purchase through its subsidiary OK Foods, Inc. Customer relationships are generally amortized over 15 years based on the pattern of revenue expected to be generated from the use of the asset.

Indefinite life intangible assets are initially recorded at their fair value and are not amortized, but they are reviewed for impairment at least annually or more frequently if impairment indicators arise.

During 2022, the Company ended the relationship with two clients that had been capitalized, since they did not register sales, resulting in an impairment in the intangible asset for customer relations of $14,910, an impairment of $4,020 was also determined since the Company decided not to renew one of its brands. Due to the above, the total impairment recognized during 2022 of intangible assets was $18,930.

During 2021, an impairment of $5,459 was determined in one of the commercial brands due to the decrease in sales.

a) Intangible assets consist of the following:

		2023	2022	2021
Amortizable intangible assets				
Customer relationships	$	780,458	897,274	968,012
Accumulated amortization		(338,198)	(314,090)	(290,404)
Impairment loss		-	(14,910)	-
Total net amortizable intangible assets		442,260	568,274	677,608
Trade names not subject to amortization		18,650	25,461	32,225
Impairment loss		-	(4,020)	(5,459)
Total intangible assets	$	460,910	589,715	704,374

b) Reconciliation between the carrying amounts at the beginning and at the end of the intangible assets

		Customer relationships	Trade names not subject to amortization	Total
Carrying amounts				
Balance as of January 1, 2023	$	882,364	21,441	903,805
Currency translation effect		(101,906)	(2,791)	(104,697)
Balance as of December 31, 2023		780,458	18,650	799,108
Accumulated amortization				
Balance as of January 1, 2023		(314,090)	-	(314,090)
Amortization expense		(24,108)	-	(24,108)
Balance as of December 31, 2023		(338,198)	-	(338,198)
Total intangible assets	$	442,260	18,650	460,910

		Customer relationships	Trade names not subject to amortization	Total
Carrying amounts				
Balance as of January 1, 2022	$	968,012	26,766	994,778
Impairment loss		(14,910)	(4,020)	(18,930)
Currency translation effect		(70,738)	(1,305)	(72,043)
Balance as of December 31, 2022		882,364	21,441	903,805
Accumulated amortization				
Balance as of January 1, 2022		(290,404)	-	(290,404)
Amortization expense		(23,686)	-	(23,686)
Balance as of December 31, 2022		(314,090)	-	(314,090)
Total intangible assets	$	568,274	21,441	589,715

		Customer relationships	Trade names not subject to amortization	Total
Carrying amounts				
Balance as of January 1, 2021	$	941,582	31,344	972,926
Impairment loss		-	(5,459)	(5,459)
Currency translation effect		26,430	881	27,311
Balance as of December 31, 2021		968,012	26,766	994,778
Accumulated amortization				
Balance as of January 1, 2021		(219,702)	-	(219,702)
Amortization expense		(70,702)	-	(70,702)
Balance as of December 31, 2021		(290,404)	-	(290,404)
Total intangible assets	$	677,608	26,766	704,374

(17) Other non-current assets

Other non-current assets consist of the following:

		December 31,		
		2023	**2022**	**2021**
Advances for purchase of property, plant and equipment	$	563,471	591,742	367,023
Investments in life insurance (note 8)		62,610	71,981	74,148
Security deposits		38,444	28,167	24,511
Other long-term receivable (Note 8)		185,835	207,314	211,278
Intangible assets in process		105,871	64,073	1,616
Other		108,471	53,407	56,128
Total non-current assets	$	1,064,702	1,016,684	734,704

(18) Financial debt

a) Short-term financial debt is as follows:

		December 31,		
		2023	**2022**	**2021**
Loan denominated in pesos, maturing in January 2024, at TIIE (1) rate plus 0.50 percentage points.	$	750,258	-	-
Loan denominated in pesos, maturing in January 2024, at TIIE (1) rate plus 0.46 percentage points.		360,123	-	-
Loan denominated in pesos, maturing in January 2024, at TIIE (1) rate plus 0.41 percentage points.		237,575	-	-
Loan denominated in dollars, maturing in January 2024, at SOFR (2) rate plus 0.48 percentage points.		840,391	-	-
Loan denominated in dollars, maturing in January 2024, at SOFR (2) rate plus 0.46 percentage points.		314,093	-	-
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 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	1,181,532	500,081

The annual weighted average interest rate of short-term loans denominated in pesos for 2023, 2022 and 2021 was 11.78%, 8.15% and 5.28%, respectively. The average interest rate for loans outstanding as of December 31, 2023, 2022 and 2021 was 11.64%, 10.52% and 5.68%, respectively.

The annual weighted average interest rate of short-term loans denominated in dollars for the years 2023, 2022 and 2021 was 5.80%, 0% and 0.73%, respectively. As of December 31, 2023, 2022 and 2021, there are no current short-term loans.

(1) TIIE (for its acronym in Spanish) = Interbank Equilibrium Rate
(2) SOFR= Secured Overnight Financing Rate

b) Long-term debt consists of the following:

		December 31,		
		2023	2022	2021
Loan denominated in pesos, maturing in September 2030, at TIIE (1) plus 0.53 percentage points.	$	711,312	-	-
Debt securities (subsection (d) of this note)		3,013,954	3,010,483	1,493,830
Total		3,725,266	3,010,483	1,493,830
Less current maturities		-	-	(1,493,830)
Long-term debt, excluding current maturities	$	3,725,266	3,010,483	-

The annual weighted average interest rate on long-term debt for 2023, 2022 and 2021 was 11.44%, 8.22% and 4.90%, respectively. The average rate for outstanding loans as of December 31, 2023, 2022 and 2021 was 11.51%, 10.33% and 5.43%, respectively.

(1) TIIE (for its acronym in Spanish) = Interbank Equilibrium Rate

During 2023, 2022 and 2021 the Company did not make early payments on its long-term debt.

As of December 31, 2023, 2022 and 2021, unused lines of credit amounted to $7,208,759, $9,333,620 and $9,935,420, respectively. In all such years, the Company did not pay any fee for undrawn balances.

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

Year		Amount
2025	$	3,013,954
2030	$	711,312

The amount of future unearned interest is $1,322,403.

Interest expense on total loans during the years ended December 31, 2023, 2022 and 2021, amounted to $618,013, $236,200 and $104,179, respectively, (note 29).

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, 2023, 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.

d) Issuance of debt securities

On August 25, 2017, a second issuance of debt securities was carried out for a total amount of $1,500,000 with ticker symbol: “BACHOCO 17” with a maturity of 1,820 days, equivalent to 65 periods of 28 days, approximately five years, with 15,000,000 debt securities and a par value of $100 Mexican pesos per certificate.

In 2022, the issue of Stock Certificates 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 issuance of debt securities was carried out for a total amount of $3,000,000 with ticker symbol: “BACHOCO 22” with a maturity of 1,092 days, equivalent to 39 periods of 28 days, approximately three years. With 30,000,000 debt securities and a par value of $100 Mexican pesos per certificate.

From the date of issuance, and while the debt securities have not been paid, they will accrue annual gross interest on their face amount, at an annual interest rate, which is calculated by adding 0.07 percentage points at the 28-day TIIE, and in the event the 28-day TIIE is not published, at the nearest term published by the Bank of Mexico. The debt issue that expired in 2022 accrued a 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 payment of the debt securities is carried out at the expiration of the contractual term of each issuance. Direct costs arising from debt issuance or contract are deferred and paid as part of financial expense using the effective interest rate through the term of each transaction. Such costs include commissions and professional fees.

(1) UDIS = Investment units

Derived from the issuance of debt securities, the Company is subject to certain requirements, affirmative and negative covenants similar to those of its financial debt indicated above, with which they comply as of December 31, 2023.

e) Reconciliation of liabilities arising from financing debt

		December 31,		
		2023	**2022**	**2021**
Balance as of January 1	$	4,192,015	1,993,911	2,517,965
Changes that represent cash flows				
Proceeds from borrowings		5,173,020	4,676,000	1,709,080
Principal payment on loans		(3,062,789)	(2,496,000)	(2,267,280)
Changes that do not represent cash flows				
Other		(74,540)	18,104	34,146
Balance as of December 31	$	6,227,706	4,192,015	1,993,911

(19) Trade accounts and other accounts payable

		December 31,		
		2023	2022	2021
Trade payables	$	6,643,780	6,437,102	8,122,486
Sundry creditors and expenses payable		2,090,774	618,660	854,565
Provisions		96,093	506,141	74,146
Statutory employee profit sharing (note 22 c))		846,527	527,874	291,744
Retained payroll taxes and other local taxes		516,460	412,355	359,379
Direct employee benefits		530,380	369,278	311,367
Interest payable		27,388	15,245	1,436
Others		306	155	133
	$	10,751,708	8,886,810	10,015,256

Note 8 discloses the Company's exposure to the exchange and liquidity risks related to trade accounts payable and other accounts payable.

During 2023, 2022 and 2021 the Company the Company recognized a provision for the amount that it considers likely to disburse due to ongoing litigation with a high probability of unfavorable resolution.

Bachoco USA, LLC. is involved in claims with the *United States of America Department of Labor* and the *Unites State Immigration and Customs Enforcement*, and various other matters related to its business, including workers' payment claims and environmental issues. As of December 31, 2023, 2022 and 2021 the Company has not recorded any provision because the Administration considers that it is likely that there will be a favorable outcome of the litigation.

(20) Transactions and balances with related parties

a) Transactions with Management

Compensation

The following table shows the compensation paid to the directors and executives for services provided in their respective positions for the years ended December 31, 2023, 2022 and 2021:

		December 31,		
		2023	2022	2021
Compensation	$	67,713	62,376	73,721

b) Transactions with other related parties

Below is a summary of the Company's transactions and balances with other related parties, which are comprised of affiliates that are under common control:

i. ***Revenues and balances receivable to related parties***

		Transaction value December 31,			Balance as of December 31,	
	2023	2022	2021	2023	2022	2021
Sales of products to:						
Vimifos, S.A. de C.V.	$ 4,063	4,327	5,921	$ 1,128	637	284
Frescopack, S.A. de C.V.	58	73	63	58	-	-
Taxis Aéreos del Noroeste, S.A. de C.V.	-	-	51	-	-	-
Alimentos Kowi, S.A. de C.V.	-	6	662	-	-	7
Fertilizantes Tepeyac, S.A. de C.V.	76	-	-	-	-	-
	$ 4,197	4,406	6,697	$ 1,186	637	291

ii. ***Expenses and balances payable to related parties***

		Transaction value December 31,			Balance as of December 31,	
	2023	2022	2021	2023	2022	2021
Purchases of food, raw materials and packing supplies						
Vimifos, S.A. de C.V.	$ 559,574	635,106	440,379	$ 299,914	131,391	41,219
Frescopack, S.A. de C.V.	131,980	237,448	103,778	187,699	29,050	65,542
Pulmex 2000, S.A. de C.V.	30,565	29,323	17,870	17,966	9,753	5,609
Qualyplast, S.A. de C.V.	593	823	6,971	-	-	-
Alimentos Kowi, S.A. de C.V.	2,808	370	-	399	370	-
Granja, Rab S.A. de C.V.	2,971	15,922	75,747	278	-	3,187
Fertilizantes Tepeyac, S.A. de C.V.	227,022	113,646	399,480	8,327	4,135	32
EBIPAC S.A.P.I. de C.V.	48,766	47,123	41,001	13,405	7,424	412
GASBO, S.A. de C.V.	3,611	4,430	3,583	630	173	267
Productos Agropecuarios La Choya S.A. de C.V.	119,527	-	-	-	-	-
Purchases of vehicles, tires and spare parts						
Maquinaria Agrícola, S.A. de C.V.	$ -	-	-	-	-	-
Llantas y Accesorios, S.A. de C.V.	54,223	48,279	42,601	15,879	3,764	4,614
Autos y Accesorios, S.A. de C.V.	5,629	25,736	40,194	1,596	2,130	3,413
Autos y Tractores de Culiacán, S.A. de C.V.	2,724	14,265	31,753	178	110	726
Camiones y Tractocamiones de Sonora, S.A. de C.V.	188,138	208,695	164,306	165,470	7,147	59,602
Agencia MX-5, S.A de C.V.	117	82	410	478	21	27
Alfonso R. Bours, S.A. de C.V.	4,730	3,950	4,926	2,511	54	604
Cajeme Motors S.A. de C.V.	382	290	442	48	31	120
Purchases of fixed assets						
Productos Agropecuarios La Choya S.A. de C.V.	130,536	-	-	-	-	-
Airplane leasing expenses						
Taxis Aéreos del Noroeste, S.A. de C.V.	$ 9,186	6,651	1,435	305	64	55
				$ 715,083	195,617	185,429

As of December 31, 2023, 2022 and 2021, balances payable to related parties correspond to current accounts denominated in pesos that bear no interest and are payable on a short-term basis.

(21) Income Tax

Under the tax legislation in Mexico and the United States of America in effect through December 31, 2023, entities are subject to pay income tax ("ISR", by its Spanish acronym).

a) ISR

The Company and each of its subsidiaries file separate income tax returns (including its foreign subsidiary, which files income tax returns in the United States of America, based on its fiscal year ending in April of every year). For the years ended December 31, 2023, 2022 and 2021, the applicable rate under the general tax regime in Mexico is 30%. The applicable rate during 2023, 2022 and 2021 for the Company's US subsidiary is 21% (plus state taxes).

As of December 31, 2023, 2022 and 2021, *BSACV*, the Company's primary operating subsidiary is subject to the agriculture, cattle-raising, forestry and fishing regime of the ISR law, which is applicable to entities exclusively dedicated to such activities. The ISR Law establishes that such activities are exclusive when no more than 10% of an entity's total revenues are generated from something other than those activities or from industrialized products.

b) Tax charged to profit and loss

For the years ended December 31, 2023, 2022 and 2021, the income tax (benefit) expense included in profit and loss is as follows:

		December 31		
		2023	**2022**	**2021**
Operation in Mexico:				
Current ISR	$	2,639,655	1,188,002	1,790,621
Deferred ISR		(1,079,539)	184,435	257,020
		1,560,116	1,372,437	2,047,641
Foreign operations:				
Current ISR		-	-	-
Deferred ISR		(373,336)	663,940	(240,003)
Total ISR expense	$	1,186,780	2,036,377	1,807,638

Total income tax expense

The income tax expense attributable to income before income taxes differed from the amount computed by applying the ISR rate of 30% in 2023, 2022 and 2021 due to the items listed below:

	December 31,					
	2023		2022		2021	
	ISR	Percentage	ISR	Percentage	ISR	Percentage
Expected expense	$ 1,659,385	21%	$ 2,425,251	30%	$ 2,022,521	30%
Increase (decrease) resulting from:						
Net effects of inflation	(554,860)	(7%)	(465,226)	(6%)	(379,311)	(6%)
(Non-taxable income) Non-deductible expenses	(182,326)	(2%)	11,761	0%	29,503	0%
Effect of rate difference of foreign subsidiary	91,610	1%	(22,427)	(0%)	42,516	1%
Effect from non-deductible employee benefits	261,602	3%	144,357	2%	145,301	3%
Effect of tax incentive	(67,045)	(1%)	(6,264)	(0%)	(54,523)	(1%)
Bargain purchase gain of domestic business acquisition	(21,586)	(0%)	-	-	-	-
Other	-	-	(51,075)	(1%)	1,631	0%
Income tax expense	$ 1,186,780	15%	$ 2,036,377	25%	$ 1,807,638	27%

(1) On March 27, 2020, in United States of América, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was enacted. The most significant provisions of the CARES Act that will materially affect the Company's accounting for income taxes includes 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 Company requested the return during 2022, see note 9.

c) Deferred income tax

The Company and each one of its subsidiaries determine the deferred taxes that are reflected at a consolidated level on stand-alone basis. *BSACV*, the main operating subsidiary of the Company, is subject to tax payment under the agriculture, cattle-raising, forestry and fishing regime, in which the tax base for ISR is determined on collected revenues minus paid deductions.

The tax effects of temporary differences, tax losses and tax credits that give rise to significant portions of deferred tax assets and liabilities as of December 31, 2023, 2022 and 2021 are detailed below:

	December 31,		
	2023	2022	2021
Deferred tax assets			
Accounts payable	$ 172,558	61,730	33,873
Employee benefits	-	-	31,692
PTU payable	-	854	2,476
Tax loss carryforwards	1,569,126	420,053	917,737
Property, plant and equipment	68,278	28,255	-
Prepaid expenses	41,259	-	-
Other provisions	33,323	12,454	60,946
Tax incentives to be credited in the United States of America	-	-	45,386
Other items	104,197	9,029	17
Total deferred tax assets	1,988,741	532,375	1,092,127
Deferred tax liabilities			
Inventories	341,613	1,280	218,204
Employee benefits	15,994	65,700	-
PTU payable	3,923	-	-
Accounts receivable	167,060	-	-
Property, plant and equipment	-	-	469,946
Prepaid expenses	22,450	7,281	860
Goodwill	-	-	9,865
Intangible assets	-	-	178,356
Derivative financial instruments	-	-	1,157
Total deferred tax liabilities	551,040	74,261	878,388
Net deferred tax assets	$ 1,437,701	458,114	213,739

	December 31,		
	2023	2022	2021
Deferred tax assets			
Accounts payable	$ 1,618,524	1,221,919	1,948,897
Employee benefits	302,628	232,131	201,835
PTU payable	251,414	164,586	85,053
Tax loss carryforwards	473,421	194,074	31,993
Other provisions	182,405	150,970	62,503
Other items	-	1,431	-
Total deferred tax assets	2,828,392	1,965,111	2,330,281
Deferred tax liabilities			
Inventories	2,816,755	2,773,642	2,053,059
Accounts receivable	772,082	716,909	593,754
Property, plant and equipment	2,865,234	2,886,706	2,558,209
Prepaid expenses	372,124	304,967	952,322
Intangible assets	165,731	162,710	-
Other items	-	-	1,282
Derivative financial instruments	3,579	3,684	13,130
Total deferred tax liabilities	6,995,505	6,848,618	6,171,756
Net deferred tax liability	$ 4,167,113	4,883,507	3,841,475

d) Unrecognized deferred tax liabilities

Deferred taxes related to investments in subsidiaries have not been recognized as the Company is able to control the moment of the reversal of the temporary difference, and the reversal is not expected to take place in the foreseeable future. Deferred income tax on investments in subsidiaries not recognized as of December 31, 2023, 2022 and 2021 amounts to $1,997,054, $1,035,095 and $1,414,628, respectively. The Company's policy has been to distribute accounting profits when the respective taxes have been paid and in the case of foreign profits, such tax may be duly credited in Mexico.

e) Movement in temporary differences during the fiscal year

		January 1, 2023	Recognized in profit and loss	Acquired or/ Recognized directly in equity	December 31, 202
Accounts payable	$	(1,283,649)	(510,565)	3,132	(1,791,082)
Employee benefits		(166,431)	(102,037)	(18,166)	(286,634)
PTU payable		(165,440)	(82,051)	-	(247,491)
Tax loss carryforwards		(614,127)	(1,453,730)	25,310	(2,042,547)
Other provisions		(163,424)	(50,423)	(1,881)	(215,728)
Goodwill		-	2,271	(2,271)	-
Intangible assets		162,710	22,242	(19,221)	165,731
Inventories		2,774,922	417,258	(33,812)	3,158,368
Accounts receivable		716,909	222,233	-	939,142
Property, plant and equipment		2,858,451	(13,296)	(48,198)	2,796,956
Prepaid expenses		312,248	41,067	-	353,315
Derivative financial instruments		3,684	(105)	-	3,579
Other items		(10,460)	54,261	(147,998)	(104,197)
Net deferred tax liability	$	**4,425,393**	**(1,452,875)**	**(243,105)**	**2,729,412**

		January 1, 2022	Recognized in profit and loss	Acquired or/ Recognized directly in equity	December 31, 2022
Accounts payable	$	(1,982,770)	697,863	1,258	(1,283,649)
Employee benefits		(233,527)	98,970	(31,874)	(166,431)
PTU payable		(87,529)	(77,911)	-	(165,440)
Tax loss carryforwards		(949,730)	316,648	18,955	(614,127)
Other provisions		(123,449)	(41,286)	1,311	(163,424)
Goodwill		9,865	(9,258)	(607)	-
Intangible assets		178,356	(7,578)	(8,068)	162,710
Inventories		2,271,263	516,079	(12,420)	2,774,922
Accounts receivable		593,754	123,155	-	716,909
Property, plant and equipment		3,028,155	(150,431)	(19,273)	2,858,451
Prepaid expenses		953,182	(640,934)	-	312,248
Derivative financial instruments		14,287	(10,603)	-	3,684
Tax incentives to be credited in the United States of America		(45,386)	45,386	-	-
Other items		1,265	(11,725)	-	(10,460)
Net deferred tax liability	$	**3,627,736**	**848,375**	**(50,718)**	**4,425,393**

		January 1, 2021	Recognized in profit and loss	Acquired or/ Recognized directly in equity	December 31, 2021
Accounts payable	$	(1,092,883)	(889,150)	(737)	(1,982,770)
Employee benefits		(199,087)	(41,472)	7,032	(233,527)
PTU payable		(17,727)	(69,802)	-	(87,529)
Tax loss carryforwards		(667,289)	(258,865)	(23,576)	(949,730)
Other provisions		(137,854)	19,020	(4,615)	(123,449)
Goodwill		5,147	4,293	425	9,865
Intangible assets		188,919	(14,891)	4,328	178,356
Inventories		1,820,929	443,845	6,489	2,271,263
Accounts receivable		497,655	96,099	-	593,754
Property, plant and equipment		2,913,526	105,961	8,668	3,028,155
Prepaid expenses		289,716	663,466	-	953,182
Derivative financial instruments		11,994	2,293	-	14,287
Tax incentives to be credited in the United States of America		-	(45,386)	-	(45,386)
Other items		-	1,606	(341)	1,265
Net deferred tax liability	$	**3,613,046**	**17,017**	**(2,327)**	**3,627,736**

f) Tax on assets and tax loss carryforwards

As of December 31, 2023, tax loss carryforwards expire as shown below. Amounts are indexed for inflation as permitted by Mexican income tax law:

		Amount as of December 31, 2023	
Year		Tax loss carryforwards	Year of expiration / maturity
2015	$	65,104	2025
2017		44,685	2027
2018		445,990	2028
2019		268,694	2029
2020		105,400	2030
2021		2,944,461	2031
2022		1,352,208	2032
2023		2,218,893	2033
	$	7,445,435	

(22) Employee benefits

a) Employee benefits in Mexico

Defined contribution plans

The Company has a defined contribution plan which receives contributions from both the employees and the Company. Employees can make contributions between 1% to 5% of their wage and the Company is obligated to make contributions as follows: i) 20% of employee contributions for employees with 1 - 4.99 years of service, ii) 40% of employee contributions for employees with 5 – 9.99 years of service, and iii) 100% matching contributions for employees with 10 or more years of service or when the employee reaches 40 years of age, regardless of the years of service.

When an employee retires from the Company he/she has the right to receive the contribution he/she has made to the plan, and i) if the employee retires between the first and the 4.99 year of services, he/she does not have the right to receive the contribution made by the Company, ii) if he/she retires on the 5th year of services he/she has the right to receive 50% of the contributions made by the Company and, for each additional service year, the employee has the right to receive an additional 10% of the contributions made by the Company.

During 2023, 2022 and 2021 there were not the expenses for paid contributions to defined contribution plans, other than those mandated by Mexican law.

The Company makes payments equivalent to 2% of the integrated wage of its workers to the defined contribution plan for the retirement saving fund system established by Mexican law.

The expense for this concept was $123,131, $98,333 and $84,093, in 2023, 2022 and 2021, respectively.

<u>Defined benefits plan</u>

The Company has a defined benefit pension plan covering non-unionized personnel in Mexico. The benefits are based on the age, years of service and the employee's payment. The retirement age is 65 years, with a minimum of 10 years of services, and there is an option for an anticipated retirement option, in certain circumstances, at 55 years of age. The Company's policy to fund the pension plan is to make contributions up to the maximum amount that can be deducted for ISR.

According to the Mexican Federal Labor Law, the Company is obligated to pay a seniority premium as a retirement benefit if an employee retires and has of least 15 years of services, which consists of a sole payment of 12 days for each worked year based on the last wage, limited to the two minimal wages established by law.

The Company recognizes constructive obligations from past practices. Such constructive obligations are associated with service time the employee has worked for the Company. The payment of this benefit is disbursed in a single installment at the time the employee voluntarily stops working for the Company. As of 2021 this constructive obligation no longer exists, the accounting effect is recognized net in the result of the year.

The plans in Mexico expose the Company to actuarial risks such as interest rate risk, longevity risk and salary risk:

Interest risk	A decrease in the interest rate for the governmental bonds will increase the plan's liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The projected net liability presented on the consolidated statements of financial position is as follows:

	December 31,		
	2023	2022	2021
Present value of unfunded obligations	$ 1,217,697	887,238	656,252
Present value of funded obligations	49,082	83,891	121,643
Total present value of benefit obligations ("PBO")	1,266,779	971,129	777,895
Plan assets at fair value	(49,082)	(83,891)	(121,643)
Projected liability, net	$ 1,217,697	887,238	656,252

i. Composition and return of plan assets

	Actual return of the plan assets			Composition of the plan assets		
	2023	2022	2021	2023	2022	2021
Fixed income securities	11.74%	6.09%	5.90%	65%	58%	58%
Variable income securities	23.92%	(1.58%)	21.55%	35%	42%	42%
Total				100%	100%	100%

ii. Movements in the present value of PBO

	2023	2022	2021
PBO as of January 1	$ 971,129	777,895	755,945
Acquisition employee benefits	35,754	39,041	(27,743)
Benefits paid by the plan	(181,477)	(78,711)	(27,743)
Service cost	65,963	49,364	25,890
Interest cost	85,576	73,923	33,115
Actuarial losses recognized in other comprehensive income	240,041	113,535	6,497
Past service cost – plan amendments	49,793	(3,918)	(15,809)
PBO as of December 31	$ 1,266,779	971,129	777,895

iii. Movements in the fair value of plan assets

	2023	2022	2021
Plan assets at fair value as of January 1	$ 83,891	121,643	163,651
Transfer of assets to fund defined contribution benefit plan	(36,285)	(38,306)	-
Benefits paid by the plan	-	-	(56,287)
Expected return on plan assets	7,759	12,886	13,260
Actuarial profits in other comprehensive income	(6,283)	(12,332)	1,019
Fair value of plan assets as of December 31	$ 49,082	83,891	121,643

iv. Expense recognized in profit and loss

		2023	2022	2021
Current service cost	$	65,963	49,364	25,890
Interest cost, net		77,817	61,037	19,855
	$	143,780	110,401	45,745

v. Actuarial gains and (losses)

		2023	2022	2021
Amount accumulated as of January, 1	$	(519,771)	(388,604)	(383,126)
Recognized during the year		(246,324)	(131,167)	(5,478)
Amount accumulated as of December, 31	$	(766,095)	(519,771)	(388,604)

vi. Actuarial assumptions

Primary actuarial assumptions at the consolidated financial statements date (expressed as weighted averages) are as follows.

	2023	2022	2021
Discount rate as of December, 31	9.25%	9.25%	9.50%
Rate for future salary increases	4.50%	4.00%	4.50%
Social security wage increase rate	3.50%	3.50%	3.50%

The assumptions related to mortality are based on statistics and experiences over the Mexican population. The average expected life of an individual that retires at 65 years of age is 17.13 years for men and 10.92 years for women (Experience Chart of Demographic Mortality for Active EMSSA 1997).

vii. Historical information

		December 31,		
		2023	2022	2021
Present value of defined benefit obligation	$	1,266,779	971,129	777,895
Plan assets at fair value		(49,082)	(83,891)	(121,643)
Plan deficit	$	1,217,697	887,238	656,252
Experience adjustments arising from plan liabilities	$	(240,041)	(118,834)	(6,497)
Experience adjustments arising from plan assets	$	(6,283)	(12,333)	1,019

viii. Sensitivity analysis of the defined benefits obligations as of December 31, 2023, 2022 and 2021

2023		Pension plan	Seniority premium	Constructive obligation	Total PBO
Discount rate 9.25%	$	(856,592)	(410,187)	-	(1,266,779)
Rate increase (+ 1%)	$	(843,642)	(404,891)	-	(1,248,533)
Rate decrease (- 1%)	$	(869,950)	(415,632)	-	(1,285,582)

2022		Pension plan	Seniority premium	Constructive obligation	Total PBO
Discount rate 9.25%	$	(671,370)	(299,759)	-	(971,129)
Rate increase (+ 1%)	$	(660,897)	(295,384)	-	(956,281)
Rate decrease (- 1%)	$	(681,999)	(304,261)	-	(986,260)

2021		Pension plan	Seniority premium	Constructive obligation	Total PBO
Discount rate 9.50%	$	(551,682)	(226,213)	-	(777,895)
Rate increase (+ 1%)	$	(541,855)	(222,957)	-	(764,812)
Rate decrease (- 1%)	$	(561,819)	(229,562)	-	(791,381)

ix. Expected cash flows

		Total
2024-2033	$	1,719,318

x. Future contributions to the defined benefits plan

The Company does not expect to make contributions to the defined benefit plans in the following financial year.

b) Foreign employee benefits

Defined contribution plans

Bachoco USA, LLC. (foreign subsidiary) has a defined contribution retirement 401(k) plan, covering all employees who meet certain eligibility requirements. The Company contributes to the plan at the rate of 50% of employee's contributions up to a maximum of 2% of the individual employee's contribution. The cumulative contribution expense for this plan was $27,847, $31,071 and $28,825 for the year ended December 31, 2023, 2022 and 2021, respectively.

Equity-based compensation

Bachoco USA, LLC. has a deferred payment agreement with certain key employees. Amounts payable under this plan are vested after 10 years from the date of the agreement. The benefit value of each unit is equal to the increase in the initial book value from the date of the agreement to the conclusion of the vesting period. Under the agreement, 26,000 units were outstanding as of December 31, 2023, 2022 and 2021, all of which were fully vested. The total liability under this plan totaled $11,600, $10,835 and $48,887 as of December 31, 2023, 2022 and 2021, respectively. The expense recognized for this plan for the year ended December 31, 2023, 2022 and 2021 was $0, $45,418 and $2,505, respectively.

c) PTU

Industrias Bachoco, S.A.B de C.V. has no employees, each of the subsidiaries of the Company that has employees in Mexico is required under Mexican laws to pay employees, in addition to their payment and benefits, statutory employee profit sharing in an aggregate amount equal to 10% of each subsidiary's taxable income. The accrued liability as of December 31, 2023, 2022 and 2021 is shown in note 19, Trade payable and other accounts payable.

(23) Costs and expenses by nature

		2023	2022	2021
Cost of sales [2]	$	78,948,496	82,032,790	68,356,654
General, selling and administrative expenses		9,098,612	8,506,312	7,127,780
	$	88,047,108	90,539,102	75,484,434

		2023	2022	2021
Inventory consumption	$	60,133,606	64,998,326	54,103,917
Wages and salaries		13,336,133	11,368,634	9,735,452
Freight		6,324,610	5,962,121	5,428,050
Maintenance		2,817,907	2,698,428	2,340,899
Other utility expenses		1,990,668	2,270,284	1,800,952
Depreciation		2,160,046	1,789,053	1,393,097
		24,108	23,686	70,702
Depreciation of right-of-use assets		308,354	351,032	343,367
Leases [1]		171,726	184,416	156,612
Claims expenses		182,550	187,289	-
Other		597,400	705,833	111,386
Total	$	88,047,108	90,539,102	75,484,434

(1) Leasing expense in 2023, 2022 and 2021 includes contracts classified as low value or those with terms less than twelve months.

(2) During 2022, the presence of an H5N1 avian influenza outbreak was detected in some Company farms in the states of Sinaloa, Nuevo León, Sonora, Coahuila and Yucatán. The financial effects derived from this contingency that were recorded in the cost of sales were $157,010, due to the slaughter of birds and destruction of eggs.

(24) Leases

a) As of December 31, 2023, 2022 and 2021, the leased assets with recognized right of use are comprised as follows:

Right-of-use assets		Balance as of January 1, 2023	Additions	Modifications and disposal	Anticipated termination	Balance as of December 31, 2023
Buildings and construction	$	692,916	134,342	46,020	-	873,278
Machinery and equipment		700,155	27,198	82,163	(10,975)	798,541
Transportation equipment		488,230	107,594	(25,989)	(43,791)	526,044
Computer equipment		26,978	3,794	233	-	31,005
Total	$	1,908,279	272,928	102,427	(54,766)	2,228,868

Depreciation of right-of-use assets		**Balance as of January 1, 2023**	**Depreciation for the year**	**Currency translation effect**	**Balance as of December 31, 2023**
Buildings and construction	$	(405,401)	(158,542)	7,870	(556,073)
Machinery and equipment		(494,504)	(116,795)	(4,773)	(616,072)
Transportation equipment		(387,870)	(29,592)	(2,570)	(420,032)
Computer equipment		(18,118)	(3,425)	(1,815)	(23,358)
Total	$	(1,305,893)	(308,354)	(1,288)	(1,615,535)
Total right-of-use assets	$	602,386			613,333

Right-of-use assets		**Balance as of January 1, 2022**	**Additions**	**Modifications and disposal**	**Anticipated termination**	**Balance as of December 31, 2022**
Buildings and construction	$	550,832	49,554	29,607	62,923	692,916
Machinery and equipment		629,161	11,288	54,556	5,150	700,155
Transportation equipment		440,117	63,702	(26,005)	10,416	488,230
Computer equipment		18,903	4,573	3,502	-	26,978
Total	$	1,639,013	129,117	61,660	78,489	1,908,279

Depreciation of right-of-use assets		**Balance as of January 1, 2022**	**Depreciation for the year**	**Currency translation effect**	**Balance as of December 31, 2022**
Buildings and construction	$	(270,576)	(136,264)	1,439	(405,401)
Machinery and equipment		(359,818)	(135,547)	861	(494,504)
Transportation equipment		(315,058)	(74,328)	1,516	(387,870)
Computer equipment		(13,351)	(4,893)	126	(18,118)
Total	$	(958,803)	(351,032)	3,942	(1,305,893)
Total right-of-use assets	$	680,210			602,386

Right-of-use assets		**Balance as of January 1, 2021**	**Additions**	**Modifications and disposal**	**Anticipated termination**	**Balance as of December 31, 2021**
Buildings and construction	$	469,387	42,249	(3,949)	43,145	550,832
Machinery and equipment		447,424	52,143	4,343	125,251	629,161
Transportation equipment		349,208	24,595	(1,818)	68,132	440,117
Computer equipment		19,392	3,603	(1,492)	(2,600)	18,903
Total	$	1,285,411	122,590	(2,916)	233,928	1,639,013

Depreciation of right-of-use assets		Balance as of January 1, 2021	Depreciation for the year	Currency translation effect	Balance as of December 31, 2021
Buildings and construction	$	(153,987)	(114,957)	(1,632)	(270,576)
Machinery and equipment		(236,330)	(121,266)	(2,222)	(359,818)
Transportation equipment		(206,627)	(102,245)	(6,186)	(315,058)
Computer equipment		(9,622)	(4,899)	1,170	(13,351)
Total	$	(606,566)	(343,367)	(8,870)	(958,803)
Total right-of-use assets	$	678,845			680,210

b) The movements in liabilities for these lease contracts were as follows:

Lease liabilities		Balance as of January 1, 2023	Additions	Modifications and disposals	Payment	Interest paid	Currency translation effect	Balance as of December 31, 2023
Buildings and construction	$	299,035	134,342	46,020	(177,503)	29,800	2,822	334,516
Machinery and equipment		187,953	27,198	82,163	(137,026)	5,983	(41,827)	124,444
Transportation equipment		71,760	107,594	(25,989)	(78,455)	5,825	2,166	82,901
Computer equipment		10,837	3,794	233	(4,230)	167	172	10,973
Total	$	569,585	272,928	102,427	(397,214)	41,775	(36,667)	552,834
Current Lease liabilities		350,562	-	(65,344)	-	-	-	285,218
Long term lease liabilities	$	219,023	272,928	167,771	(397,214)	41,775	(36,667)	267,616

Lease liabilities		Balance as of January 1, 2022	Additions	Modifications and disposals	Anticipated termination	Payment	Interest paid	Currency translation effect	Balance as of December 31, 2022
Buildings and construction	$	299,634	49,554	35,045	53,312	(153,522)	14,900	112	299,035
Machinery and equipment		251,129	11,288	58,257	4,186	(134,818)	3,775	(5,864)	187,953
Transportation equipment		93,721	63,702	(21,233)	4,555	(73,333)	3,445	903	71,760
Computer equipment		6,996	4,573	3,789	-	(4,810)	148	141	10,837
Total	$	651,480	129,117	75,858	62,053	(366,483)	22,268	(4,708)	569,585
Current Lease liabilities		(279,809)	(70,753)	-	-	-	-	-	(350,562)
Long term lease liabilities	$	371,671	58,364	75,858	62,053	(366,483)	22,268	(4,708)	219,023

Lease liabilities		Balance as of January 1, 2021	Additions	Modifications and disposals	Anticipated termination	Payment	Interest paid	Currency translation effect	Balance as of December 31, 2021
Buildings and construction	$	310,014	42,249	(3,953)	77,022	(129,306)	15,414	(11,806)	299,634
Machinery and equipment		238,650	52,143	4,359	105,831	(128,212)	11,779	(33,421)	251,129
Transportation equipment		162,392	24,595	(1,835)	20,287	(96,167)	4,415	(19,966)	93,721
Computer equipment		8,655	3,603	-	919	(5,302)	240	(1,119)	6,996
Total	$	719,711	122,590	(1,429)	204,059	(358,987)	31,848	(66,312)	651,480
Current Lease liabilities		(278,981)	-	-	-	-	-	(828)	(279,809)
Long term lease liabilities	$	440,730	122,590	(1,429)	204,059	(358,987)	31,848	(67,140)	371,671

c) The detail of the maturity of the long-term lease liabilities is shown below:

2025	$	50,154
2026		94,966
2027		67,034
Posterior		55,462
	$	267,616

d) During 2023, 2022 and 2021, an amount of $48,167, $36,283 and $37,996 was charged as expense for rental contracts with a term of less than one year and $123,559, $148,133 and $118,616 for rental contracts with insignificant amounts, a total of $171,726, $184,416 and $156,612, respectively (note 23).

(25) Stockholders’ equity and reserves

a) Capital risk management

An adequate capital risk management allows ongoing business continuity and the maximization of the return towards the Company’s investors, which is why the Company has taken actions that ensure the Company maintains an adequate balance of the funding sources that build its capital structure.

Within its activities in risk management, the Company ensures that the ratio between financial debt and EBITDA of the last 12 months does not exceed 2.75 times and that the interest coverage ratio is at least 3 to 1.

During 2023, 2022 and 2021 these ratios were below the thresholds established by the Company’s Risk Committee.

b) Common stock and premiums

As of December 31, 2023, 2022 and 2021, the Company’s capital stock is represented by 600,000,000 Series “B” registered shares with a par value of $1 peso per share.

On November 16, 2022, the Company 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 26.75% 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 87.68% of Bachoco's capital stock.

As a result of this transaction, our Capital Stock, was distributed as follows:

	Shareholding integration as of December 31,					
	After the transaction				Before the transaction	
	2023		2022		2021	
	Shares [1]	Position	Shares [1]	Position	Shares [1]	Position
Familiar Trusts	**439,500,000**	**73.25%**	**439,500,000**	**73.25%**	**439,500,000**	**73.25%**
- Control Trust	312,000,000	52.00%	312,000,000	52.00%	312,000,000	52.00%
- Placement Trust	127,500,000	21.25%	127,500,000	21.25%	127,500,000	21.25%
Edificios del Noroeste S.A. de C.V.	**146,268,014**	**24.37%**	**86,589,532**	**14.43%**	**-**	**-**
Floating Position [2]	**14,231,986**	**2.38%**	**73,910,468**	**12.32%**	**160,500,000**	**26.75%**

(1) All Series B shares with voting power.
(2) Operating at the BMV and the NYSE.

Based on the information provided to the Company, as of December 31, 2023, stockholders with 1% or more interest in the Company, in addition to the family trusts, are as follows:

	Shares	Position
Edificios del Noroeste S.A. de C.V.	146,268,014	24.37%

c) Other comprehensive income items

i. Foreign currency translation reserve

This concept is related to the translation of the Company's U.S. operations from their functional currency (U.S. dollar) to the reporting currency, the Mexican peso.

ii. Actuarial remeasurements

Actuarial remeasurements are recognized as other components of comprehensive income and are related to variations in actuarial assumptions that generate actuarial gains or losses as well as adjust the actual yields from plan assets from the net interest cost calculated over the net defined benefits liability balance. Actuarial remeasurements are presented net of income tax within other comprehensive income in the consolidated statement of changes in stockholders' equity, the amount of these actuarial remeasurements net of taxes as of December 31, 2023, 2022 and 2021 amounts to $536,771, $364,344 and $272,527, which includes a deferred tax effect of $229,321, $155,427 and $116,074, respectively.

iii. Derivatives classified as hedging instruments

Derivatives classified as hedging instruments, are a hedge of the exposure to the variability of cash flows that is attributable to a particular risk associated with a recognized asset or liability or a forecasted transaction that may affect the income statement.

A cash flow hedge, which meets all the hedging criteria, is accounted for as follows:

- A portion of the gain or loss of the hedging instrument that is determined to be effective is recognized in other comprehensive income; and
- The ineffective portion of the gain or loss of the hedging instrument is recognized immediately in the income statement.

The amount of cash flow hedges as of December 31, 2023, 2022 and 2021 amounts to $123,902, $174,911 and $49,751, respectively.

d) Reserve for repurchase of shares

In 1998, the Company approved a stock repurchase plan in conformity with the Mexican Securities Trading Act and created a reserve for that purpose of $180,000 charged to retained earnings in such year.

On April 26, 2023, pursuant to a resolution at the General Ordinary Stockholders' Meeting, an amount of $996,000 was approved to be used in the reserve for acquisition own shares.

The following table shows the movements of the reserve for acquisition of shares during the years ended December 31, 2023, 2022 and 2021:

	2023 y 2022	**2021**
Balance as of January 1	619,543	152,768
(+) Total shares purchased	-	649,543
(-) Total shares sold	-	(182,768)
Balance as of December 31	619,543	619,543

The net amount of repurchase and treasury share sale transactions was of $0, $0 and ($32,331), during the years ended December 31, 2023, 2022 and 2021, respectively.

As of December 31, 2023, the Company has 619,543 treasury shares.

e) Dividends

During the years ended December 31, 2023, 2022 and 2021, the Company has declared and paid the following dividends:

On April 26, 2023, the Company declared a payment of dividends in cash at nominal value of $982,984 or $1.64 pesos per outstanding share. The payment was made in two equal installments, on May 16 and July 11, 2023.

On April 27, 2022, the Company declared a payment of dividends in cash at nominal value of $982,984 or $1.64 pesos per outstanding share. The payment was made in two equal installments, on May 18 and July 13, 2022.

On April 28, 2021, the Company declared a payment of dividends in cash at nominal value of $851,619 or $1.42 pesos per outstanding share. The payment was made in two equal installments, on May 19 and July 14, 2021.

Dividends that the Company pays to stockholders are subject to ISR solely insofar as such dividends exceed the balance in its net tax income account ("CUFIN") consisting of income in which ISR is already paid by the Company. The ISR paid on dividends corresponds to a tax payable by legal entities and not by individuals. However, as a result of changes to the income tax law, beginning on January 1, 2014, a new withholding tax of 10% for resident individuals in Mexico and for all residents in foreign countries who receive dividends from entities was established. Such tax is considered a withholding tax by the entity that pays the dividends. This tax will be applicable only to the income generated from period 2014. Thus, the Company must update its CUFIN from income generated up to December 31, 2013 and must calculate a new CUFIN with the income generated from January 1, 2014.

The Company obtains most of its revenue and net income from *BSACV*. For fiscal years 2023, 2022 and 2021, net income of *BSACV*, accounted for 62%, 59% and 62%, respectively, of consolidated net income. Dividends for which *BSACV* pays ISR will be credited to the Company's CUFIN account, and accordingly, any future liabilities arising from ISR will be incurred when such amounts are distributed as dividends to the stockholders.

f) Tax balances of stockholders' equity

CUFIN		Balance as 2013	Balance from2014	Total
IBSA individual	$	3,816,562	22,139,203	25,955,765
IBSA Consolidated		3,980,843	40,406,477	44,387,320

The restated amount as of December 31, 2022, on tax bases of the contributions made by stockholders ("CUCA"), totaling $3,761,024, may be refunded to them tax-free, to the extent that such amount is the same or higher than equity.

(26) Earnings per share

The basic and diluted earnings per share for the years ended December 31, 2023, 2022 and 2021 are $7.59, $10.20 and $8.45, respectively. The calculation of earnings per share was based on income attributable to ordinary stockholders of the Company (net income attributable to controlling interest) $4,486,890, $6,114,154 and $5,065,554 for the years ended December 31, 2023, 2022 and 2021, respectively.

The average weighted number of common outstanding in 2023, 2022 and 2021 was 591,175,141, 599,380,457 and 599,730,270 shares, respectively.

The Company has no ordinary shares with potential dilutive effects.

(27) Commitments

- Bachoco USA, LLC has self-insurance programs for health care costs and workers' payments. The subsidiary is liable for health care claims up to $5,940 (350 thousand dollars) each year per plan participant and workers' payments claims up to $16,970 (1,000 thousand dollars) per event. Self-insurance costs are recorded based on the aggregate of the liability for reported claims and an estimated liability for claims incurred but not reported. The provision for this concept is recorded in the accompanying consolidated statement of financial position within current liabilities amounting to $87,837 (5,176 thousand dollars), $100,984 (5,176 thousand dollars) and $107,842 (5,258 thousand dollars) as of December 31, 2023, 2022 and 2021, respectively. Additionally, the consolidated statement of comprehensive income includes expenses relating to self-insurance plans of $173,158 (9,761 thousand dollars), $196,291 (9,761 thousand dollars) and $188,413 (9,286 thousand dollars) for the years ended December 31, 2023, 2022 and 2021, respectively. The Company is required to maintain letters of credit on behalf of the subsidiary of $38,692 (2,280 thousand dollars) during 2023, $44,843 (2,280 thousand dollars) during 2022 and $59,479 (2,900 thousand dollars) during 2021, to secure self-insured workers' payments.

- The Company has entered into grain supply agreements with third parties as part of the regular course of its operations.

- The Company has entered into certain contracts with suppliers under which advanced payments are rendered in order to assure the supply of materials and services.

(28) Contingencies

a) Insurance

The Company has established a risk management program under a best practices methodology that assures the main risks of the business with the objective of reducing losses due to relevant claims. The Company set up a captive reinsurance company to complement its risk management strategy. Notwithstanding the foregoing, since all the exposures are not covered, there is a risk that the loss or destruction of certain assets may have a significant adverse effect on the Company's operations and financial situation.

b) Lawsuits

The Company is involved in a number of lawsuits and claims arising from the regular course of business. In the opinion of the Company's Management, they are not expected to have significant effects on the Company's financial position, operating results and future consolidated statements of cash flows.

c) Tax contingencies

In accordance with tax laws, Mexican authorities are empowered to review transactions carried out during the five years prior to the most recent ISR return filed. For the operations in the United States of America, the authorities of that country are empowered to review transactions carried out during the three years prior to the due date of the most recent annual tax return. The Company has not identified factors that may indicate the existence of a contingency.

(29) Financial income and costs

		2023	2022	2021
Interest income	$	1,693,984	849,761	591,046
Income from interest in accounts receivable		12,334	9,428	6,564
Foreign exchange gain, net		-	-	519,796
Financial income		1,706,318	859,189	1,117,406
Effects of valuation of derivative financial instruments		(112,733)	(13,686)	(1,541)
Foreign exchange loss, net		(1,962,612)	(622,287)	-
Interest expense and financial expenses on financial debt (note 18)		(618,013)	(236,200)	(104,179)
Interest paid on lease		(46,792)	(22,269)	(31,848)
Other financial expenses		(203,724)	(266,473)	(129,955)
Financial costs		(2,943,874)	(1,160,915)	(267,523)
Financial income, net	$	(1,237,556)	(301,726)	849,883

(30) Other income (expenses)

		2023	2022	2021
Other income				
Sale of scrap of biological assets, raw materials, by-products and other	$	2,522,433	1,579,098	1,076,605
Bargain purchase gain of domestic business acquisition (note 4)		588,838	-	-
Total other income		3,111,271	1,579,098	1,076,605
Other expenses				
Cost of disposal of biological assets, raw materials, by-products and other		(1,414,710)	(1,148,230)	(910,366)
Other		(721,493)	(396,526)	(489,018)
Total other expenses		(2,136,203)	(1,544,756)	(1,399,384)
Total other income (expenses), net	$	975,068	34,342	(322,779)

(31) Subsequent events

a) Cancellation of the registration in the CNBV

On February 14, 2024, the Company informed that on February 13, 2024, the National Banking and Securities Commission (“CNBV”, for its Spanish acronym) approved the cancellation of the registration of the shares representing the capital stock of Industrias Bachoco, S.A. de C.V. in the National Securities Registry. Likewise, the six-month period in which Trust F/413630-5 will acquire the shares representing the capital stock of Bachoco from those shareholders who did not participate in the public tender offer concluded on September 29, 2023. The foregoing, derived from the cancellation of the registration of the shares representing Bachoco's capital stock before the National Securities Registry.

b) Merger with Edificios del Noroeste

On April 3, 2024, an extraordinary meeting was held at which it was informed that, due to the cancellation of the registration of the shares representing the capital stock of the company in the national securities registry and the delisting of the shares from the Bolsa Mexicana de Valores S.A.B de C.V., the company “Industrias Bachoco S.A.B. de C.V.” loses its status as a stock corporation, maintaining its status as a variable capital corporation.

Likewise, part of the agreements established in said meeting was the merger of “Industrias Bachoco S.A. de C.V.” as the merging company, with “Edificios del Noroeste S.A. de C.V.” as the merged company in order to simplify, consolidate and make the group's shareholding structure and administrative and legal processes more efficient.

c) Payment of short-term debt

As described in note 18, the Company has financial debt with short-term maturities of $2,502,440, which was paid within the term determined in January 2024.

INDEPENDENT AUDITORS

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