



## **GRUMA, S.A.B. DE C.V.**

Calzada del Valle 407 Ote.  
Colonia del Valle  
San Pedro Garza García, Nuevo León  
66220, Mexico  
[www.gruma.com](http://www.gruma.com)

### **ANNUAL REPORT FILED IN ACCORDANCE WITH THE GENERAL PROVISIONS APPLICABLE TO SECURITIES' ISSUERS AND OTHER SECURITIES MARKET'S PARTICIPANTS FOR THE YEAR ENDED DECEMBER 31, 2023.**

As of April 26, 2024, our capital stock is represented by 365,394,275 ordinary, registered, Series "B", Class I no par value shares, out of which 364,763,606 shares were outstanding, fully subscribed and paid for and 630,669 were kept in treasury.

Such securities are registered in the Securities National Registry and are traded in the Mexican Stock Exchange.

Ticker symbol: **GRUMAB**

"The registration before the National Securities Registry does not imply a certification regarding the worth of the securities, the solvency of the issuer or the accuracy or veracity of the information contained in the report, nor ratifies the actions which, in its case, we carried out in contravention of the laws."

This Annual Report was translated from Spanish into English and presented only for purposes of complying with the requirements of GRUMA's U.S.\$400 million 4.875% senior notes due 2024. None of the information contained in this report is prepared and published with the intention of claiming an exemption under Rule 12g3-2 (b) of the U.S. Securities Exchange Act of 1934. GRUMA does not authorize, endorse, support or encourage the creation of any unsponsored ADR program in respect of its securities and disclaims any liability whatsoever arising out of an unsponsored ADR program.

Under no circumstances should the contents of this report be construed as a solicitation to purchase any securities of GRUMA.

**KEY INFORMATION WITH RESPECT TO THE DEBT SECURITIES  
(CERTIFICADOS BURSÁTILES) ISSUED BY GRUMA, S.A.B. DE C.V.**

**AS OF DECEMBER 31, 2023**

<b>Ticker Symbol</b>	<b>GRUMA 21</b>	<b>GRUMA 22</b>
<b>Amount</b>	Ps.2,000,000,000	Ps.4,500,000,000
<b>Number of series in which the issuance is divided</b>	N.A.	N.A.
<b>Issuance date</b>	May 21, 2021	October 13, 2022
<b>Maturity date</b>	May 12, 2028	October 7, 2027
<b>Issuance period</b>	2,548 days as of the Issuance Date, approximately 7 years.	1,820 days as of the Issuance Date, approximately 5 years.
<b>Interest rate and calculation procedure</b>	7% fixed interest rate on nominal value.	TIIE +29bp Interest rate on nominal value.
<b>Periodicity in payment of interest</b>	Biannually, commencing on November 19, 2021.	Every 28 days, commencing on November 10, 2022.
<b>Place and payment method of principal and interests</b>	The principal and accrued interests of the Debt Securities ( <i>Certificados Bursátiles</i> ), will be paid on their Maturity Date and in every Interest Payment Date, by electronic transfer of funds, through Indeval, whose registered offices are located in Paseo de la Reforma No. 255, 3 <sup>rd</sup> floor, Colonia Cuauhtémoc, 06500, Mexico, Mexico City, against the delivery of the Debt Securities ( <i>Certificados Bursátiles</i> ) or of the certificates issued by Indeval.	The principal and accrued interests of the Debt Securities ( <i>Certificados Bursátiles</i> ), will be paid on their Maturity Date and in every Interest Payment Date, by electronic transfer of funds, through Indeval, whose registered offices are located in Paseo de la Reforma No. 255, 3 <sup>rd</sup> floor, Colonia Cuauhtémoc, 06500, Mexico, Mexico City, against the delivery of the Debt Securities ( <i>Certificados Bursátiles</i> ) or of the certificates issued by Indeval.
<b>Subordination</b>	Pari Passu	Pari Passu
<b>Amortization and early amortization</b>	<p>The principal of the Debt Securities (<i>Certificados Bursátiles</i>) will be amortized at its par value in a single payment on the Maturity Date upon the delivery of the Debt Securities (<i>Certificados Bursátiles</i>) or of the certification issued by Indeval.</p> <p>The Issuer has the right to proceed with an early amortization of all or part of the Debt Securities (<i>Certificados Bursátiles</i>) on any prior to their Maturity Date.</p> <p>If the early amortization is made prior to February 12, 2028, it should be made at an Early Amortization Price, as defined in the supplement.</p>	<p>The principal of the Debt Securities (<i>Certificados Bursátiles</i>) will be amortized at its par value in a single payment on the Maturity Date upon the delivery of the Debt Securities (<i>Certificados Bursátiles</i>) or of the certification issued by Indeval.</p> <p>The Issuer has the right to proceed with an early amortization of all or part of the Debt Securities (<i>Certificados Bursátiles</i>) in any date before their Maturity Date.</p>

	If it is done after this date, it should be made at face value.	Any early amortization should be made at an Early Amortization Price, as defined in the supplement.
<b>Guarantee</b>	The Debt Securities ( <i>Certificados Bursátiles</i> ) will be unsecured, therefore, will not have a guarantor ( <i>aval</i> ), nor any guarantee.	The Debt Securities ( <i>Certificados Bursátiles</i> ) will be unsecured, therefore, will not have a guarantor ( <i>aval</i> ), nor any guarantee.
<b>Trustee</b>	N.A.	N.A.
<b>Rating</b>	S&P Global Ratings, S.A. de C.V. “mxAA+” Fitch México, S.A. de C.V. “AAA(mex)”	S&P Global Ratings, S.A. de C.V. “mxAA+” Fitch México, S.A. de C.V. “AAA(mex)”
<b>Common Representative</b>	CIBanco, S.A., Institución de Banca Múltiple	CIBanco, S.A., Institución de Banca Múltiple
<b>Depository</b>	S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.	S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.
<b>Tax treatment</b>	The applicable withholding tax rate to the interest paid in accordance with the Debt Securities ( <i>Certificados Bursátiles</i> ) is subject to: (i) for individuals or legal entities considered as residents of Mexico for tax purposes, articles 54, 135 and other applicable provisions of the current Income Tax Law ( <i>Ley del Impuesto Sobre la Renta</i> ), and (ii) for individuals and legal entities considered as non-Mexican residents for tax purposes, articles 153, 166 and other applicable provisions of the current Income Tax Law ( <i>Ley del Impuesto sobre la Renta</i> ). Potential investors shall consult their tax advisors on the tax consequences resulting from their investment in the Debt Securities ( <i>Certificados Bursátiles</i> ), including the application of specific rules regarding their particular situation. The current tax regime may be modified during the program term and during the term of any issuance under the program.	The applicable withholding tax rate to the interest paid in accordance with the Debt Securities ( <i>Certificados Bursátiles</i> ) is subject to: (i) for individuals or legal entities considered as residents of Mexico for tax purposes, articles 54, 135 and other applicable provisions of the current Income Tax Law ( <i>Ley del Impuesto Sobre la Renta</i> ), and (ii) for individuals and legal entities considered as non-Mexican residents for tax purposes, articles 153, 166 and other applicable provisions of the current Income Tax Law ( <i>Ley del Impuesto sobre la Renta</i> ). Potential investors shall consult their tax advisors on the tax consequences resulting from their investment in the Debt Securities ( <i>Certificados Bursátiles</i> ), including the application of specific rules regarding their particular situation. The current tax regime may be modified during the program term and during the term of any issuance under the program.

Change of Control: In the event of a Change of Control Event (as defined in the indenture of the Debt Securities (*Certificados Bursátiles*)), the Issuer will be required to make an offer, in accordance with the Debt Securities (*Certificados Bursátiles*)’s indenture, to repurchase all of the Debt Securities (*Certificados Bursátiles*) at a purchase price equal to 101% of the par value of the Debt Securities (*Certificados Bursátiles*) plus the accrued interests but not yet paid on the principal of the Debt Securities (*Certificados Bursátiles*) at the repurchase date.

Corporate Restructuring: In the event of a corporate restructuring, the Issuer will disclose to the investors the applicable disclosure document and other information required under applicable laws. In accordance with the indenture of the Debt Securities (*Certificados Bursátiles*), the Issuer may not merge, transfer or dispose all or substantially all of its goods and consolidated assets, except under certain circumstances as per the indenture of the Debt Securities (*Certificados Bursátiles*).

Essential Assets: In accordance with the terms of the Debt Securities (*Certificados Bursátiles*), the Issuer may not constitute nor permit any of its subsidiaries to create any liens on “operating assets” (as such term is defined in the indenture of the Debt Securities (*Certificados Bursátiles*)), in order to guarantee any debt, except: (i) for “Permitted Liens” (as such term is defined in the Debt Securities (*Certificados Bursátiles*) indenture), or (ii) if, simultaneously to the creation of any lien, the Issuer guarantees in the same way its obligations under the Debt Securities (*Certificados Bursátiles*).

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## 1. GENERAL INFORMATION

### Glossary of Terms and Definitions

“ADM”	Archer-Daniels-Midland.
“ADR”	American Depositary Receipts.
“ADS”	American Depositary Shares.
“ASERCA”	Trade Services and Development of Agricultural Markets Agency, an agency of the Ministry of Agriculture and Rural Development (formerly Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food Ministry).
“Azteca Milling”	Azteca Milling, L.P.
“BEPS”	Base Erosion and Profit Shifting.
“BMV”	Bolsa Mexicana de Valores, S.A.B. de C.V.
“CETES”	Treasury Certificates of the Federation ( <i>Certificados de la Tesorería de la Federación</i> ).
“CIASA”	Constructora Industrial Agropecuaria, S.A. de C.V.
“COFECE”	Federal Economic Competition Commission ( <i>Comisión Federal de Competencia Económica</i> ).
“COFEPRIS”	Federal Commission for the Protection against Sanitary Risks ( <i>Comisión Federal para la Protección contra Riesgos Sanitarios</i> ).
“Consortio Andino”	Consortio Andino, S.L.
“CNBV”	National Securities and Banking Commission ( <i>Comisión Nacional Bancaria y de Valores</i> ).
“Debt Securities ( <i>Certificados Bursátiles</i> )” or “ <i>CEBURES</i> ”	Negotiable instruments of those denominated <i>Certificados Bursátiles</i> , outstanding and issued by the Company in accordance with the Mexican Securities Law.
“DEMASECA”	Derivados de Maíz Seleccionado, C.A.
“DICONSA”	A company with majority state control of the Mexican government that manages social supply programs through a network of approximately 26,000 small stores that supply basic foods products to communities in rural areas.
“Dollars” or “U.S.\$”	Dollars of the United States of America.
“EBITDA”	<i>Earnings Before Interest, Taxes, Depreciation, and Amortization</i> (EBITDA is a financial ratio not contemplated by IFRS and it is defined in each credit agreement in which it is used).
“ESG”	Environmental Social and Governance.

“Fitch”	Fitch Ratings.
“GIMSA”	Grupo Industrial Maseca, S.A. de C.V.
“GRUMA”	Gruma, S.A.B. de C.V. and its consolidated subsidiaries, as a whole, except where a specific reference is made to Gruma, S.A.B. de C.V. (holding company) or where the context requires otherwise.
“Gruma Asia-Oceania” or “Gruma A&O”	Mission Foods (Shanghai) Co. Ltd., Gruma Oceania Pty. Ltd., and Mission Foods (Malaysia) Sdn. Bhd., as a whole, except where a specific reference is made to any such entities.
“Gruma Centroamérica”	Derivados de Maíz Alimenticio, S.A., Industrializadora y Comercializadora de Palmito, S.A., Derivados de Maíz de Guatemala, S.A., Tortimasa, S.A., Derivados de Maíz de El Salvador, S.A. and Derivados de Maíz de Honduras, S.A. de C.V., as a whole, except where a specific reference is made to any such entities.
“Gruma Europe”	Mission Foods Iberia, S.A.U., NDF Azteca Milling Europe SRL, Zao Solntse Mexico LLC, Mex-Foods Siberia LLC, Mission Foods Stupino LLC, Semolina Misir Irmigi Gida Sanayi Ve Ticaret A.S., Altera Azteca Milling Ukraine LLC., and Mission Foods UK Ltd, as a whole, except where a specific reference is made to any such entities.
“Gruma USA”	Gruma Corporation and its consolidated subsidiaries, as a whole, except when specific reference is made to any of said entities.
“IAS”	International Accounting Standards.
“IASB”	International Accounting Standards Board.
“ICSID”	International Centre for Settlement of Investment Disputes.
“IFRS”	International Financial Reporting Standards.
“INDEVAL”	S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.
“INTASA”	Investigación de Tecnología Avanzada, S.A. de C.V.
“INTESA”	Investigación Técnica Avanzada, S.A. de C.V.
“LIBOR”	London InterBank Offered Rate.
“MÉXICO”	Mexican United States.
“MONACA”	Molinos Nacionales, C.A.
“Notes due 2024”	U.S.\$400 million 4.875% senior notes due 2024, issued on December 2014.
“NYSE”	New York Stock Exchange.



“OECD”	Organisation for Economic Co-operation and Development.
“Perpetual Bonds”	U.S.\$300 million 7.75% senior unsecured perpetual bonds issued on December 2004 and redeemed in full in 2014.
“Peso”, “Pesos” o “Ps.”	Mexican national currency.
“Primary Shareholder Group”	Ms. Graciela Moreno Hernández, widow of the late Mr. Roberto González Barrera, and certain of her descendants.
“REFIPRES”	Preferential Tax Regimes.
“RMI”	Risk Management Instrument for the protection of crop pricing.
“RNV”	National Securities Registry ( <i>Registro Nacional de Valores</i> ).
“SADER”	Mexico’s Ministry of Agriculture and Rural Development ( <i>Secretaría de Agricultura y Desarrollo Rural</i> ).
“SAGARPA”	Agriculture, Animal Husbandry, Rural Development, Fisheries and Food Ministry ( <i>Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación</i> ).
“SEC”	Securities and Exchange Commission.
“SEGALMEX”	Mexican Food Safety ( <i>Seguridad Alimentaria Mexicana</i> ).
“SEMARNAT”	Ministry of the Environment and Natural Resources ( <i>Secretaría del Medio Ambiente y Recursos Naturales</i> ).
“Standard & Poor’s”	S&P Global Ratings.
“SKU”	Stock Keeping Unit.
“SQF”	Safe Quality Food Certificate.
“SOFR”	Secured Overnight Financing Rate.
“TECNOMAÍZ”	Tecno Maíz, S.A. de C.V.
“TIIE”	Mexican Equilibrium Interbank Interest Rate, determined and published by <i>Banco de México</i> .
“Valores Mundiales”	Valores Mundiales, S.L.
“Venezuelan Companies”	Jointly MONACA and DEMASECA.

## 1.1. INTRODUCTION

### 1.1.1. *Our Company*

Gruma, S.A.B. de C.V. is a publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*) registered in Monterrey, Mexico under the *Ley General de Sociedades Mercantiles*, or Mexican Corporations Law, on December 24, 1971, with a corporate life of 99 years. Our full legal name is Gruma, S.A.B. de C.V., but we are also known by our commercial names: GRUMA and MASECA. The address of our principal executive office is Calzada del Valle, 407 Ote., Colonia del Valle, San Pedro Garza García, Nuevo León, 66220, Mexico and our telephone number is (52) 81 8399-3300. Our legal domicile is San Pedro Garza García, Nuevo León, Mexico.

The company was founded in 1949, when Mr. Roberto González Barrera started producing and selling nixtamalized corn flour in Northeastern Mexico as raw material for producing tortillas and other corn-based products. Prior to our founding, all corn tortillas were made through the corn dough method or *nixtamal* (the “Traditional Method”). Today, both the Traditional Method, as well as the nixtamalized corn flour method are used, additionally, corn flour and the dough prepared through the Traditional Method can be mixed in various proportions to produce tortillas and other corn-based products. Our main nixtamalized corn flour operations are in Mexico and the United States and, to a lesser extent, in Central America and Europe.

Later, the company was able to integrate vertically with tortilla production and related products with important operations primarily in the United States and, to a lesser extent, Europe, Asia, Oceania, Central America and Mexico. In addition, we have diversified our product mix to include other types of flatbreads (pita, naan, chapati, pizza bases and piadina) mainly in Europe, Asia and Oceania, and corn grits mainly in Europe, among other products.

### 1.1.2. *Presentation of Financial Information*

This annual report contains our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended on said dates, as of December 31, 2022 and 2021 and for the years ended on said dates, as well as those as of December 31, 2021 and 2020 and for the years ended on said dates, which have been prepared in accordance with the accounting IFRS as issued by the IASB, and audited by PricewaterhouseCoopers, S.C., an independent public accounting firm, and were approved by our shareholders at the Annual General Shareholders’ Meetings held on April 26, 2024, April 21, 2023, and April 22, 2022, respectively.

Our consolidated and audited financial statements as of December 31, 2023, and 2022, and for the years ended on such dates, as well as of December 31, 2022 and 2021 and for the years ended on said dates are presented in U.S. dollars. The audited consolidated financial statements as of December 31, 2021 and 2020 and for the years ended on said dates were presented in pesos.

The financial statements of our entities are measured using the currency of the main economic environment where the entity operates (functional currency). The financial statements of the entities that have a functional currency which differs from our presentation currency are translated as follows: a) assets and liabilities at the closing exchange rate of the period, b) income and expenses at average exchange rates when it has not fluctuated significantly during the period and c) equity at the effective exchange rate in the date when the contributions were made and the earnings were generated. All resulting exchange differences are recognized in other comprehensive income as a separate component of equity denominated “Cumulative translation adjustments”. Prior to the translation of our presentation currency, the financial statements of foreign subsidiaries with functional currency from a hyperinflationary environment are adjusted for inflation in order to reflect changes in purchasing power of the local currency. Subsequently, assets, liabilities, equity, income, costs, and expenses are translated to the presentation currency at the exchange rate of the closing period. The effects of hyperinflation and reporting currency translation are presented in equity in the item cumulative translation adjustments. To determine the existence of hyperinflation, we evaluate the qualitative characteristics of the economic environment, as well as the quantitative characteristics established by the accounting IFRS, including an accumulated inflation rate equal or higher than 100% in the past three years.

In this annual report, references to “pesos” or “Ps.” are to Mexican pesos, references to “U.S. dollars,” “U.S.\$,” or “dollars” are to United States dollars. “We,” “our,” “us,” “company,” “the Issuer,” “GRUMA” and similar expressions refer to Gruma, S.A.B. de C.V. and its consolidated subsidiaries, except when the reference is specifically to Gruma, S.A.B. de C.V. (parent company only) or the context otherwise requires.

Certain figures included in this annual report have been rounded for ease of presentation. Percentage figures included in this annual report are not all calculated on the basis of such rounded figures; some are calculated on the basis of such amounts prior to rounding. For this reason, percentage amounts in this annual report may vary from those obtained by performing the same calculations using the figures in our audited consolidated financial statements. Certain numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them due to rounding.

All references to “tons” in this annual report refer to metric tons. One metric ton equals 2,204 pounds. Estimates of production capacity contained herein assume the operation of relevant facilities on the basis of 360 days a year, on three shifts, and assume only regular intervals for required maintenance.

### *1.1.3. Market Share*

The information contained in this annual report regarding our market positions is based primarily on our own estimates and internal analysis and data obtained from AC Nielsen. Market position information for the United States is also based on data from Technomic. For Mexico, information is also based on data from Información Sistematizada de Canales y Mercados (Channels and Markets' Systematized Information) or “ISCAM”. For Europe, information is also based on data from Symphony IRI Group. While we consider our internal research and estimates are reliable, they have not been verified by any independent source and we cannot ensure their accuracy.

### *1.1.4. Exchange Rate*

This annual report contains translations from pesos to U.S. dollars and vice versa, of various amounts not contained in the audited consolidated financial statements, at specified exchange rates solely for your convenience. These translations are solely intended to facilitate the investors reading comprehension. You should not construe these translations as declarations by us that the monetary amounts used to prepare the financial statements actually represent those amounts or could be converted into Mexican pesos at the rate indicated. Unless otherwise indicated, we have translated U.S. dollar amounts from pesos as of December 31, 2023 at the exchange rate of Ps.16.8935 to U.S.\$1.00, which was the rate established by *Banco de México* on December 28, 2023.

### *1.1.5. Forward Looking Statements*

This annual report includes forward-looking statements and information regarding our company based on the management’s believes, including statements about our plans, strategies and prospects, as well as on supposed facts with information available to the company as of this date. Some of these statements contain words such as “believe,” “expect,” “intend,” “anticipate,” “estimate,” “strategy,” “plans”, “budget”, “project” and other similar words. Although we believe that our plans, intentions and expectations as reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that these plans, intentions or expectations will be achieved. Actual results could differ materially from the forward-looking statements as a result of risks, uncertainties and other factors discussed in “Section 1.3. Risk Factors,” “Section 2. The Company,” “Section 3.4.3. Financial Condition, Liquidity and Capital Resources.” These risks, uncertainties and factors include general economic and business conditions, including changes in exchange rates, and conditions that affect the price and availability of corn and other raw materials; potential changes in demand for our products; price and product competition; and other factors discussed herein.

## **1.2. EXECUTIVE SUMMARY**

This summary does not intend to contain all information, which may be relevant to make investment decisions regarding the securities herein mentioned. Therefore, the investor public shall read all the Annual Report, including the financial information and related notes, before making an investment decision. The following summary was prepared in accordance, and subject to, the detailed information and financial statements included in this Annual Report. It is recommended to pay special attention to Section 1.3. “Risk Factors” of this Annual Report, to determine the convenience of making an investment in the securities issued by the Issuer.

### *1.2.1. General Description of the Company*

Founded in 1949, GRUMA, S.A.B. de C.V., is one of the world's leading tortilla and nixtamalized corn flour producers. With leading brands in most of its markets, GRUMA has operations in the United States, Mexico, Central America, Europe, Asia and Oceania.

Our Series B shares are listed in the BMV under the Ticker Symbol GRUMAB since 1994. Likewise, our shares were listed in the United States through an ADR program. Nevertheless, such program has been terminated and our shares were delisted from the New York Stock Exchange or NYSE as of September 8, 2015. See “Section 1.2.3. Trading History”.

## 1.2.2. Selected Financial Information

The following tables present our selected consolidated financial data as of and for each of the years indicated. The data as of December 31, 2023, 2022, and 2021, and for the years ended December 31, 2023, 2022, and 2021, is derived from and should be analyzed together with our audited consolidated financial statements included herein and “Section 3.4.2 Results of Operations.”

<b>Income Statement Data:</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	(thousands of US dollars, except per share amounts)		
Net sales .....	U.S.\$6,576,230	U.S.\$5,596,621	U.S.\$4,623,571
Cost of sales .....	(4,242,620)	(3,617,119)	(2,960,468)
Gross profit.....	2,333,610	1,979,502	1,663,103
Selling and administrative expenses .....	(1,514,344)	(1,351,299)	(1,144,233)
Other (expenses) income, net .....	(41,671)	(18,060)	34,855
Operating income .....	777,595	610,143	553,725
Comprehensive financing cost, net.....	(147,646)	(100,088)	(81,600)
Income before income tax .....	629,949	510,055	472,125
Income tax expense .....	(222,126)	(190,865)	(169,914)
Consolidated net income from continuing operations.....	407,823	319,190	302,211
Profit (loss) from discontinued operations.....	24,827	-	(31)
Consolidated net income .....	432,650	319,190	302,180
<b>Attributable to:</b>			
Shareholders .....	429,452	319,222	302,155
Non-controlling interest .....	3,198	(32)	25
<b>Per share data<sup>(1)</sup>:</b>			
<b>Basic and diluted earnings per share (dollars):</b>			
From continuing operations.....	1.10	0.85	0.77
From discontinued operations.....	0.06	-	-
From continuing and discontinued operations .....	1.16	0.85	0.77
<b>Balance Sheet Data (at period end):</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	(thousands of US dollars, except per share amounts and operating data)		
Properties, plant and equipment, net.....	U.S.\$1,955,512	U.S.\$1,821,815	U.S.\$1,647,681
Right-of-use assets.....	327,385	333,189	289,292
Total assets .....	4,683,094	4,386,656	3,827,123
Short-term debt <sup>(2)</sup> .....	411,172	146,971	54,679
Short-term lease liability.....	58,103	49,107	37,538
Long-term debt <sup>(2)</sup> .....	1,115,681	1,461,605	1,133,695
Long-term lease liability.....	306,754	318,305	281,542
Total liabilities.....	2,839,816	2,953,071	2,390,902
Common stock.....	370,437	371,274	377,854
Total equity <sup>(3)</sup> .....	1,843,278	1,433,585	1,436,221
<b>Other Financial Information:</b>			
Capital expenditures.....	211,006	297,515	286,481
Depreciation and amortization.....	224,029	196,558	179,350
Net cash generated by (utilized in):			
Operating activities .....	740,979	300,266	560,948
Investing activities .....	(183,539)	(298,360)	(258,164)
Financing activities .....	(499,109)	34,622	(347,637)

(1) Based upon the weighted average of outstanding shares of our common stock (in thousands), as follows: 369,909 shares for the year ended December 31, 2023, 373,564 shares for the year ended December 31, 2022, and 390,875 shares for the year ended December 31, 2021.

- (2) As of December 31, 2023 the short-term debt consists of bank loans and the current portion of long-term debt (Notes due 2024). Long-term debt consists of bank loans, the Debt Securities (*Certificados Bursátiles*) Gruma 21 for Ps.2 billion and the Debt Securities (*Certificados Bursátiles*) Gruma 22 for Ps.4.5 billion. See “Section 3.4.3. Financial Condition, Liquidity and Capital Resources - Indebtedness.”
- (3) Total equity includes non-controlling interests as follows (in thousands): U.S.\$2,841 as of December 31, 2023, U.S.\$ (354) as of December 31, 2022, and U.S.\$(1,108) as of December 31, 2021.

<b>Operating Data:</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	(thousands of tons)		
<b>Sales Volume:</b>			
Gruma USA (nixtamalized corn flour, tortillas and other) <sup>(1)</sup> .....	1,592	1,605	1,522
GIMSA (nixtamalized corn flour and other).....	2,147	2,076	2,047
Gruma Europe (corn grits, nixtamalized corn flour, tortillas and other)....	419	410	389
Gruma Centroamérica (nixtamalized corn flour and other).....	233	243	237
Gruma Asia-Oceania (tortillas and other).....	96	97	95
<b>Number of Employees:</b>	24,135	23,506	22,492

(1) Net of intercompany transactions.

### 1.2.3. Trading History

Our Series B Shares have been traded on the *Bolsa Mexicana de Valores, S.A.B. de C.V.*, or Mexican Stock Exchange, since 1994. The ADSs, each representing four Series B Shares, commenced trading on the New York Stock Exchange in November 1998 through an ADR program and were delisted on September 8, 2015 and our reporting obligations under the Securities Exchange Act of 1934, were extinguished as of December 9, 2015. Currently, there are no ADR program sponsored by GRUMA. GRUMA does not authorize, endorse, support or encourage the creation of any unsponsored ADR program in respect to its securities and disclaims any liability whatsoever, arising out of any unsponsored ADR program.

As of April 26, 2024, our capital stock is represented by 365,394,275 issued, ordinary, non-par value, Class I, Series B shares, out of which 364,763,606 were outstanding, fully subscribed and paid for and 630,669 were kept in treasury.

### 1.2.4. Price History

The following table sets forth, for the periods indicated, the annual high and low closing sale prices for our Series B Shares.

	<b>Mexican Stock Exchange</b>	
	<b>Common Stock</b>	
	<b>High</b>	<b>Low</b>
	<b>(Ps. Per share <sup>(1)</sup>)</b>	
<b>Annual Price History</b>		
2016.....	293.87	233.10
2017.....	286.38	227.25
2018.....	258.06	207.56
2019.....	234.69	166.07
2020.....	281.21	170.80
2021.....	262.52	205.17
2022.....	282.96	191.47
2023.....	334.86	245.88
<b>Quarterly Price History</b>		
2022		
1st Quarter.....	282.96	247.80
2nd Quarter.....	261.71	215.82
3rd Quarter.....	260.84	192.90
4th Quarter.....	269.77	191.47

	<b>Mexican Stock Exchange</b>	
	<b>Common Stock</b>	
	<b>High</b>	<b>Low</b>
	<b>(Ps. Per share <sup>(1)</sup>)</b>	
2023		
1st Quarter.....	282.67	245.88
2nd Quarter.....	285.54	256.54
3rd Quarter.....	308.73	279.04
4th Quarter.....	334.86	282.99
2024		
1st Quarter.....	327.14	288.10
<b>Monthly Price History <sup>(1)</sup></b>		
October 2023.....	321.67	282.99
November 2023.....	334.86	312.21
December 2023.....	321.81	306.77
January 2024.....	327.14	299.95
February 2024.....	317.76	299.87
March 2024.....	310.68	288.10
April 2024 <sup>(2)</sup> .....	346.91	311.46

(1) Pesos per share reflect nominal price at trade date.

(2) As of April 26, 2024.

On April 26, 2024, the last reported sale price of the B Shares on the Mexican Stock Exchange was Ps. 346.91 per B Share.

### 1.3. RISK FACTORS

The investor public should carefully consider the risk factors described herein prior to any investment decision. Those described herein are not the only risks and uncertainties the company faces. The risks and uncertainties that the company is not aware of, as well as those that the company currently considers of minor significance, may also affect its operations and activities.

The occurrence of any of the risks described herein may have a material adverse effect on the operations, financial condition or operating results of the company.

The risks described herein are intended to highlight those specific to the company, but in no way should be considered as the only risks the company and/or the investor public may face. Such additional risks and uncertainties, including those that generally affect the industry in which the company operates, the geographic areas where it has presence or those risks that it does not deem as important, may also affect its business and value of the investment.

#### 1.3.1. Risks Related to Our Company

##### *Fluctuations in the Cost and Availability of Corn and Wheat May Affect Our Financial Performance*

Our financial performance may be affected by the price and availability of corn and wheat. Corn and wheat flour represented 38% and 9% respectively, of our cost of sales in 2023. Mexican and world markets have experienced periods of either over-supply or shortage of corn and wheat as a result of different factors, including those related to weather conditions, some of which have caused adverse effects on our results of operations. In addition, future actions by the Mexican government or other countries could affect the price and availability of corn or wheat. Recently, the Mexican government has taken several measures that may impact the cost of corn in Mexico (See “Section 1.3.2. Risks Related to Mexico – *Our Operations Could Be Affected by Government Policies in Mexico*” and “Section 2.2.5. Applicable Laws and Taxation”). Due to this volatility and price variations, we may not always be able to pass along our increased costs to our customers in the form of price increases. Any material adverse development in domestic and international corn or wheat markets could have a material adverse effect on our business, financial condition, results of operations, and prospects.

To manage these price risks, we regularly monitor our risk tolerance and evaluate the possibility of using derivative instruments to hedge our exposure to the prices of our main commodities. We generally hedge to cope with fluctuations in the costs of corn and wheat, in particular at our U.S., Mexican and Central American operations, using futures, swaps and options contracts and fixed price supply contracts according to our risk management policy, but remain exposed to losses in the event of non-performance by counterparties to the financial instruments or the supply contracts. In addition, if corn or wheat prices decrease below the levels contracted in our various hedging agreements, we would lose the value of a decline in these prices.

#### *Increases in the Cost of Energy Could Affect Our Profitability*

We use a significant amount of electricity, natural gas and other energy sources to operate our nixtamalized corn flour plants and processing ovens for the manufacture of tortillas and related products at our facilities. These energy costs represented approximately 5% of our cost of sales in 2023. In addition, considerable amounts of fuels are used in connection with the distribution of our products. The cost of energy may fluctuate widely due to economic and political conditions, government policy and regulation, war, weather conditions or other unforeseen circumstances. An increase in such costs would increase our operating costs and, therefore, could affect our profitability.

We generally have hedges to deal with fluctuations in natural gas costs, particularly in our operations in the United States of America and Mexico, using futures, swaps and options contracts and fixed price supply contracts in accordance with our risk management policy. Additionally, diesel hedges are contracted to hedge distribution costs of our products in the United States of America, from time to time. As in the corn and wheat hedges, we are exposed to losses in the event of non-performance of our counterparties or in case of unexpected market movements.

*The Inadvertent or Accidental Presence of Genetically Modified Corn or Other Genetically Modified Inputs in Our Products, either not suitable for nixtamalization or not approved for human consumption, or exceeding the limits permitted under applicable regulations, or of Mycotoxins, Acrylamides, Heavy Metals, Agrochemicals or Residual Materials from the Production Process of Our Inputs, May Have a Negative Impact on Our Sales and Our Results of Operations.*

We do not grow our own corn, therefore we purchase it from various farmers and grain sellers. We only contract the procurement of corn suitable for nixtamalization, approved for human consumption and that complies with all regulations applicable to our operations. However, although we have developed control protocols for the corn we acquire, in order to test and monitor the presence of genetically modified corn that is not suitable for nixtamalization, or not approved for human consumption or that exceeds the limits permitted under applicable regulations, we could accidentally or inadvertently incorporate it to our production process.

Additionally, we rely upon third parties to supply us the inputs used in the manufacturing of our products and we do not control the production process of such inputs (including corn, wheat flour, packing material and additives). Notwithstanding we have developed control protocols in our inputs to test and monitor the presence of mycotoxins, acrylamides, heavy metals, agrochemicals or other residual or derived materials from our inputs production process, we may accidentally or inadvertently include such substances and materials in our products exceeding the limits permitted under applicable regulations.

The accidental or inadvertent presence of genetically modified corn in our products, either not suitable for nixtamalization or not approved for human consumption, or exceeding the limits permitted under applicable regulations; or of mycotoxins, acrylamides, heavy metals, agrochemicals or residual or derived materials from our input production process which exceed the permitted limits under applicable regulations, may result in recalls, reputational damage, sales reductions, impairment on the performance and functionality of our products, governmental actions, and lawsuits, which could have a negative impact on our sales and results of operations.

*The Presence of Genetically Modified Corn or other Genetically Modified Inputs in Our Products, or of Mycotoxins, Acrylamides, Heavy Metals, Agrochemicals, or Residual Materials from the Production Process of Our Inputs, Even Within the Maximum Permitted Limits, May Generate a Negative Perception in the Consumer and therefore a Negative Impact on Our Sales and Our Results of Operations.*

In the past, various allegations have been made, mostly in the United States and the European Union and recently in Mexico, that genetically modified foods as well as certain types of mycotoxins, acrylamides, heavy metals, agrochemicals and other residual materials from the food production process are unsafe for human consumption, could be carcinogenic, pose risks to the environment and create legal, social and ethical dilemmas. Some countries, particularly in the European Union, as well as Australia and some countries in Asia, have instituted restrictions or conditions for the use and import of genetically modified grain and products manufactured with them, while other countries are in the process of evaluating and applying this type of restrictions or conditions. Other countries, including the United States, China and other countries from the European Union have imposed labeling requirements and traceability obligations on genetically modified agricultural and food products, which may affect the acceptance of these products.

Mexico recently published a decree, instructing the competent authorities to revoke and refrain from granting new authorizations for the use of genetically modified corn for human consumption (defined as corn intended for human consumption through nixtamalization or flour production in the dough and tortilla sector) and is in the process of evaluating and establishing restrictions on the use of genetically modified corn for human consumption (defined as corn intended for human consumption through nixtamalization or flour production in the dough and tortilla sector) (See "Section 1.3.2. Risks Related to Mexico – *Our Operations Could Be Affected by Government Policies in Mexico*" and "Section 2.2.5. Applicable Laws and Taxation").

To the extent that we may buy or may be perceived to be a seller of products manufactured with genetically modified grains, even if permitted for human consumption, or with traces of mycotoxins, acrylamides, heavy metals, agrochemicals and residual materials from our input process production, even within permitted limits, this may generate a negative perception of our products in consumers and a negative impact on our sales and results of operation.

#### *Regulatory Developments May Adversely Affect Our Business*

We are subject to regulation in each of the territories in which we operate. The principal areas in which we are subject to regulation are health, food safety, environmental, labor, taxation and antitrust. The adoption of new laws or regulations or any changes in the judicial interpretation of existing legislation in the countries in which we operate, may increase our operating costs, impose restrictions on our operations or impact our growth opportunities which, in turn, may adversely affect our financial condition, business and results of operations. Further changes in current regulations may result in an increase in compliance costs, which may have an adverse effect on our financial condition and results of operations. See "Section 2.2.5. Applicable Laws and Taxation."

#### *Economic and Legal Risks Associated with a Global Business May Affect Our International Operations*

We conduct our business in many countries and the revenues from our international operations account for a significant portion of our revenues. There are risks inherent in conducting our business internationally, including:

- general political and economic instability in markets;
- limitations in the repatriation, nationalization or governmental seizure of our assets, including cash;
- direct or indirect expropriation of our assets;
- varying prices and availability of corn and wheat and the cost and ease of hedging such fluctuations under prevailing market conditions;
- different liability standards and legal systems;
- developments in the international credit markets, which could affect capital availability or cost, and could restrict our ability to obtain financing or refinance our existing indebtedness at favorable terms, if at all; and
- industrial property laws of countries that do not protect our international rights to the same extent as the laws of Mexico.

In recent years, we have expanded our operations to several countries, including Ukraine, Russia, Turkey, Spain and Malaysia, among others, which are not significant due to their size. Our presence in these and other markets could present us with new and unanticipated operating challenges. For example, we may encounter labor restrictions or shortages and currency conversion obstacles, or be required to comply with stringent local governmental and environmental regulations. Any of these factors could increase our operating expenses and decrease our profitability.

#### *Our Business May Be Adversely Impacted by Risks Related to Our Derivatives Trading Activities*

According to our risk management policy, we use derivative instruments to hedge against changes in exchange rates, interest rates, energy and our main raw materials. We may incur losses related to the value of the contracted derivative instruments. This as a result of changes in economic conditions, investor sentiment, monetary and fiscal policies, liquidity of global markets, international and regional political events, and acts of war or terrorism. See "Section 3.4.3. Financial Condition, Liquidity and Capital Resources."



*We Cannot Predict the Impact that Changing Climate Conditions, Including Possible Legal, Regulatory and Social Responses Thereto, May Have on Our Business*

Various scientists, environmentalists, international organizations, regulators and other commentators believe that global climate change has added, and will continue to add, to the unpredictability, frequency and severity of natural disasters (including, but not limited to droughts, hurricanes, tornadoes, freezes, storms and fires) in certain parts of the world. In response to this belief, a number of legal and regulatory measures as well as social initiatives have been introduced in an effort to reduce greenhouse gas and other carbon dioxide emissions which some believe may be chief contributors to global climate change. We cannot predict the impact that changing climate conditions, if any, will have on our results of operations or our financial condition. Moreover, we cannot predict how legal, regulatory and social responses to concerns about global climate change will impact our business in the future.

*Our Current or Future Indebtedness Could Adversely Affect Our Business and, Consequently, Our Ability to Pay Interest and Repay Our Indebtedness.*

We had total consolidated indebtedness, excluding leases, of U.S.\$1,527 million as of December 31, 2023. On a stand-alone basis, we had U.S.\$1,495 million of outstanding indebtedness as of December 31, 2023. See “Section 3.4.3. Financial Condition, Liquidity and Capital Resources—Indebtedness.”

Our level of indebtedness may have important consequences, including:

- increasing our vulnerability to adverse general economic and industry conditions, including higher interest rates as well as increases in prices of raw materials, foreign currency exchange rate fluctuations and market volatility;
- limiting our ability to generate sufficient cash flow to satisfy our obligations with respect to our indebtedness, particularly in the event of a default under one of our debt instruments;
- limiting cash flow available to fund our working capital, capital expenditures or other general corporate requirements;
- limiting our ability to obtain additional financing on favorable terms to refinance debt or to fund future working capital, capital expenditures, other general corporate requirements and acquisitions; and
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry.

To the extent that we incur additional indebtedness, the risks outlined above could increase. In addition, our actual cash requirements in the future may be greater than expected. Our ability to make scheduled payments on and refinance our indebtedness when due depends on, and is subject to, several factors, including our financial and operating performance, which is subject to prevailing economic and financial conditions, business and other factors, the availability of financing by banking and capital markets, and our ability to sell assets and implement operating improvements.

*We May Be Adversely Affected by Increases in Interest Rates*

Interest rates risks exist primarily with respect to our debt contracted with a floating-rate denominated in pesos and dollars, which bear interest rate based on the TIIE or SOFR, respectively. As a result, if the TIIE or SOFR rates increase significantly, our ability to service the interests on our debt may be adversely affected. As of December 31, 2023, approximately 52% of our outstanding indebtedness bore interest at fixed rates and approximately 48% bore interest at floating rates. We constantly monitor the prospects of interest rates in pesos and US dollars, and analyze debt contracting at fixed rates or interest rate swaps to mitigate the risk of interest rate increases.

In recent years a global transition has taken place to replace certain interbank reference rates such as US Dollar LIBOR with more robust alternative rates, that are closer to risk-free, continues. As of 2022, the leading international banks stopped granting loans based on the LIBOR rate, and the deadline for migrating variable rate financings referenced to LIBOR was June 30, 2023.

During 2023, the Company managed the transition plan for LIBOR rates. We executed amendment agreements to facilitate the migration from LIBOR to SOFR, aligned with market practices for existing contracts. Additionally, new financings and credit facilities with variable rates in dollars contracted during 2022 and 2023 were negotiated with interest rates based on SOFR. Consequently, starting in June 2023, all variable rate debt in dollars used SOFR as the reference rate.

*Downgrades of Our Debt May Increase Our Financing Costs, Adversely Affect Us or even Affect Our Stock Price*

Our long-term corporate credit rating on a global scale and our U.S.\$400 million 4.875% unsecured senior notes due 2024 are rated “BBB+” and “BBB” by Fitch and Standard & Poor’s respectively. The Debt Securities (*Certificados Bursátiles*) issuance for Ps.4.5 billion and Ps. 2 billion with a maturity date on 2027 and 2028, respectively, has a rating of AAA(mex) and mxAA+ by Fitch and Standard & Poor’s, respectively.

If our financial condition deteriorates, we may experience downgrades to our credit ratings, with attendant consequences. Our access to external sources of financing, as well as the cost of that financing, could be adversely affected by a deterioration of our long-term debt ratings. A downgrade in our credit ratings could increase the cost of and/or limit the availability of financing, which may make it more difficult for us to raise capital when necessary. If we cannot obtain adequate capital on favorable terms or at all, our business, operating results and financial condition would be adversely affected.

*We Expect to Pay Interest and Principal on Our Debt with Cash Generated in Dollars, Pesos or Other Currencies, as Needed, But Cannot Assure You That We Will Generate Sufficient Cash Flow in the Relevant Currency at the Required Times from Our Operations*

We had approximately 73% of our outstanding debt denominated in dollars, 25% in Mexican pesos and 2% in euros as of December 31, 2023. While it is unlikely, we may not generate sufficient cash in the relevant currency from our operations to service our debt in such currency. The depreciation of certain currencies or a change in our business could adversely affect our ability to service our debt.

*The Issuer May be Exposed to Both, Cyber-Attacks, Other Computer Security Breaches or Information Technology, Which Could Adversely Affect its Business and Operations.*

It is possible that the Issuer may be subject to cyber-attacks and other threats or computer security breaches that could compromise and materially affect the information technology systems, networks, operation and technological and computer security of the Issuer. The security risks associated with information technology have increased in recent years due to an increase in the sophistication and activities of those people who carry out cyber-attacks. A failure of or an attack on the information technology systems, networks, operation and technological and computer security of the Issuer could adversely affect its business and result in the disclosure or improper use of confidential or personal information (own or of third parties), causing significant interruptions in the services or other operational difficulties, as well as increases in costs or generate losses. Additionally, the unauthorized use and disclosure of confidential and / or sensitive information and / or data privacy derived from a cyber-attack and other threats and computer security breaches could have an adverse effect on the business, reputation and / or profitability of the Issuer.

*Our Business and Operations May be Adversely Affected by Events Outside of our Control*

Our ability to manufacture, distribute and sell products is critical to our success. These activities are subject to inherent risks outside of our control such as natural disasters, power outages, fires or explosions, labor strikes, terrorism, wars, epidemics, pandemics, import, export and other governmental restrictions, regional or global economic, business, environmental or political events, which could disrupt our supply chain and therefore impair our ability to manufacture, distribute or sell our products. This interruption, if not mitigated in advance or otherwise effectively managed when possible, could adversely impact our business, financial condition, and results of operation. Furthermore, an outbreak of a contagious disease, and other adverse health developments could have an adverse effect on global economic conditions and on our business.

*Risks derived from health emergencies resulting from outbreaks and spread of diseases, such as the ones caused by the SARS-CoV-2 virus ("COVID-19").*

Health emergencies due to the outbreak and spread of diseases in an international or national level, or in any country where the Company operates, such as the recent health emergency that arose by the SARS-CoV-2 and the disease it causes, also known as “COVID-19”, can cause several adverse effects, such as stoppages of commercial and social activities, quarantines, shutting down of factories, workplaces, convenience stores, distribution and study centers, increase in input prices, as well as volatility in capital markets and economic slowdowns or recessions, both locally and globally, which could have a negative impact on our business, financial condition, and results of operations.

Our ability to produce, distribute and sell our products is critical to our operations. Pandemics, such as the one caused by COVID-19, as well as the measures taken by the governments to deal with pandemics in the different jurisdictions where we operate, could have a negative impact on our business, sales, results, cash flow and financial situation, and could hinder the hiring of new employees, the distribution of our products and the procurement of raw materials. Depending on uncertain future events, such as the

intensity and duration of the consequences of such pandemics and the severity of the abovementioned governmental measures, the already mentioned impact could become material. Furthermore, it is difficult to predict the duration of the effects of such pandemics.

*Our business is subject to increasing expectations from investors, authorities, customers, and other stakeholders to adopt ESG criteria, where failure to adopt such criteria could have adverse effects on our results of operations, financial condition and/or reputation.*

On a global level, expectations surrounding the adoption of the ESG criteria are growing from investors, authorities, customers and other interested parties (collectively “Stakeholders”). Although the Company has taken actions based on such ESG criteria, including the publication of its first sustainability report in 2022, to the extent that actions implemented by the Company are not considered sufficient or do not meet Stakeholders' expectations, there could be a negative impact in our reputation, customer interest in our products, access to financing sources, our share price, and consequently our results of operations and financial condition.

In addition, possible regulatory changes in the countries where we have presence, in relation to ESG criteria, could result in an increase in the company's capital requirements and administrative costs and expenses.

*Changes in the accounting International Financial Reporting Standards (“IFRS”) Could Result in Material Impacts on the Issuer's Internal Processes, Business operations, Financial Situation and Compliance with its Contractual Obligations.*

It is possible that some accounting IFRS may be modified or replaced in the future. The initial application of new accounting IFRS could have as a result material impacts in the internal processes of the Issuer, as well as in its operations, financial situation and fulfillment of its contractual obligations, which are not predictable or quantifiable to date. Likewise, it is possible that the financial information that is prepared in accordance with the new accounting IFRS may not be comparable with the financial information reported during previous years.

*Our Business and Operations May Be Adversely Affected by the Armed Conflict in Ukraine*

During February 2022, Russian military forces invaded Ukraine. This has resulted in the imposition of sanctions on Russia and Belarus by the United States of America, the United Kingdom, the European Union and other countries, as well as counter-sanctions imposed by Russia to such countries. This has caused an abrupt change in the geopolitical situation, with significant uncertainty about the duration of the conflict.

The conflict has also contributed to increase volatility in the foreign exchange markets, energy prices, raw material and other input costs, as well as supply chain tensions and rising inflation in many countries.

As of December 31, 2023 and 2022, our Company has assessed the consequences of this conflict in the consolidated financial statements, with the following conclusions:

- Assessment of Control: In accordance with IFRS 10 “Consolidated Financial Statements” we have assessed and confirm that changes in the legal and operating environment of our subsidiaries located in Russia and Ukraine have not affected the ability to exercise control over the entities in these countries.

- Goodwill impairment: In March 2022, our Company recognized a non-monetary impairment charge of U.S.\$2.0 million in our operative results, in “Other expenses, net” due to the goodwill impairment of the cash generating unit “Altera, LLC” located in Ukraine and associated with the corn flour and packaged tortilla Europe business segment. This impairment loss reflects a decrease in the recoverable amount of the CGU due to the impact of the Russian invasion in February 2022.

The impact in the operations of our subsidiaries located in Ukraine and Russia as of December 31, 2023 and 2022 was not significant to the consolidated revenues, the operating income and the consolidated financial position.

Our Company will continue to monitor the events resulting from this ongoing conflict, evaluating the options available to try to mitigate a greater risk of loss and we will continue to evaluate the possible impact on the investment in these subsidiaries.

### *1.3.2. Risks Related to Mexico*

#### *Our Results of Operations Could Be Affected by Economic and Social Conditions in Mexico*

We are a Mexican company with 36% of our consolidated assets located in Mexico and 29% of our consolidated net sales derived from our Mexican operations as of and for the year ended December 31, 2023. As a result, Mexican economic conditions could impact the results of our operations.

In the past, Mexico has experienced instability and depreciation in its currency as well as high levels of inflation, interest rates, unemployment, economic recession and reduced consumer purchasing power. These events resulted in limited liquidity for the Mexican government and local corporations. Crime rates and civil and political unrest in Mexico and around the world could also negatively impact the Mexican economy. See “Section 1.3.2. Risk Factors—Developments in Other Countries Could Adversely Affect the Mexican Economy, the Market Value of our Securities and Our Results of Operations.”

Mexico has experienced long periods with slow growth. In 2016, 2017 and 2018 the Mexican economy grew by 2.3%, 2%, 2%, respectively. In 2019, the Mexican economy contracted 0.01% and 8.2%. In 2020 mainly due to the impact of the COVID-19 virus. In 2021, the Mexican economy grew 4.8%, in 2022 it grew 3.6% and in 2023 it grew 3.2%.

Developments and trends in the world economy affecting Mexico may have a material adverse effect on our business, financial condition and results of operations. The Mexican economy is tightly connected to the U.S. economy through international trade (approximately 83.4% of Mexican exports were directed to the United States in 2023), international remittances (billions of dollars from Mexican workers in the United States are the country’s second-largest source of foreign exchange), foreign direct investment (approximately 37.8% of Mexican foreign direct investment came from U.S.-based investors in 2023), and financial markets (the U.S. and Mexican financial systems are highly integrated). In case of a contraction of the U.S. economy, U.S. citizens may consume fewer Mexican imports, Mexican workers in the United States may send less money to Mexico, U.S. firms with businesses in Mexico may make fewer investments, U.S.-owned banks in Mexico may make fewer loans, and the quality of U.S. financial assets held in Mexico may deteriorate. Moreover, a collapse in confidence in the U.S. economy may spread to other economies closely connected to it, including Mexico’s. The result may be a potentially deep and protracted recession in Mexico. If the Mexican economy falls into a deep and protracted recession, or if inflation and interest rates increase, consumer purchasing power may decrease and, as a result, demand for our products may decrease. In addition, a recession could affect our operations to the extent we are unable to reduce our costs and expenses in response to falling demand.

#### *Our Operations Could Be Affected by Government Policies in Mexico*

The Mexican government has exerted, and continues to exert, significant influence over the Mexican economy. Mexican governmental actions concerning the economy could have a significant effect on Mexican private sector entities, as well as on market conditions, prices and returns on securities of Mexican issuers, including our securities.

In the past, the corn flour industry has been negatively affected by Governmental policies, and we cannot assure that this will not happen again in the future, nor can we assure that the Mexican government will not establish price controls or other measures that could negatively impact the corn flour industry and therefore our financial condition and our results of operations.

Mexico will have federal elections on June 2, 2024, in which the President and the Mexican Congress will be elected. The outcome of the presidential elections, as well as not having a party obtaining a majority in Congress, the lack of alignment between the legislative power and the President, and any other change resulting from the aforementioned federal elections, could result in political uncertainty and/or the approval or lack of approval, or the implementation or lack of implementation, of structural political and economic reforms for the country, which consequently, could have a material adverse effect on Mexico’s economic policy and/or on our business, financial position, operating results, and prospects.

Neither can we predict the impact that political, economic and social conditions will have on the Mexican economy. Furthermore, we cannot provide any assurances that political developments in Mexico, over which we have no control, will not have an adverse effect on our business, results of operations, financial condition and prospects. Mexico has been experiencing periods of violence and crime due to the activities of organized crime. In response, the Mexican government has implemented various security measures and has strengthened its police and military forces. Despite these efforts, organized crime (especially drug-related crime) continues to exist in Mexico. These activities, their possible escalation and the violence associated with them may have a negative impact on the Mexican economy or on our operations in the future. The social and political situation in Mexico could adversely affect the Mexican economy, which in turn could have a material adverse effect on our business, results of operations, financial condition and prospects.

Historically, the Mexican government has supported the commercialization of corn for Mexican corn growers through ASERCA. Currently, said support programs for small and medium scale producers are provided through SEGALMEX. Additionally, the Mexican government has implemented a guarantee price program that is intended for small agricultural products producers, including corn. These and other programs could affect our business, the results of operations, financial conditions and prospects.

On December 31, 2020 the Mexican government published a decree by which several actions were required to be taken by the agencies and entities within the Federal Public Administration in order to gradually replace the use, acquisition, distribution, promotion and import of glyphosate and agrochemicals containing glyphosate as active ingredient, with sustainable alternatives considered as culturally adequate that allow maintaining production and result to be safe for human consumption, the biocultural diversity in the country and the environment. To that effect, a transition period to achieve the total replacement of glyphosate which ended on January 31, 2024 was established. The decree also stated that biosecurity authorities, in accordance with the applicable regulations, based on glyphosate-free-corn supply sufficiency criteria, will revoke and abstain from granting authorizations for the use of genetically modified corn in the Mexicans' diet, until such corn has been totally replaced on a date that may not be later than January 31, 2024, in accordance with Mexican self-sufficiency food policies.

Subsequently, on February 13, 2023, the Mexican government published a new decree by which the abovementioned decree of December 31, 2020, was abrogated. This new decree, among other points: (i) continues entrusting various agencies and entities of the Federal Public Administration with the development of an alternative to glyphosate; (ii) establishes a new transition period until March 31, 2024, to achieve the total substitution of glyphosate for another agrochemical safe for human health, the country's biocultural diversity and the environment, deadline for agencies and entities of the Federal Public Administration to revoke and refrain from granting new permits or authorizations for the importation, production, distribution and use of glyphosate; (iii) maintains the prohibition that came into force on January 1, 2021 with the 2020 decree on this subject matter, for agencies and entities of the Federal Public Administration to acquire, use, distribute, promote and import glyphosate or agrochemicals that contain it as an active ingredient in their programs, but now additionally including genetically modified corn in this prohibition; (iv) maintains the instruction to the agencies and entities of the Federal Public Administration to revoke and refrain from granting new permits for the release into the environment of genetically modified corn seeds, which came into effect on January 1, 2021, with the 2020 decree on this subject matter; (v) instructs the agencies and entities of the Federal Public Administration to revoke and refrain from granting new authorizations for the use of genetically modified corn for human consumption (defined as corn intended for human consumption through nixtamalization or flour production), effective as of the entry into force of this decree and, therefore, eliminating the transition period that expired on January 31, 2024, as contemplated in the 2020 decree on this subject matter; (vi) instructs the agencies and entities of the Federal Public Administration to carry out actions for the gradual substitution of genetically modified corn for animal feed and corn for industrial use for human consumption (defined as corn intended for human consumption, after industrialization, other than nixtamalization or flour production), based on supply sufficiency criteria, consistent with food self-sufficiency policies and in accordance with scientific principles, guidelines or relevant international recommendations, without setting a deadline to achieve it. The decree clarifies that, until such total substitution is achieved, COFEPRIS may grant authorizations for the use of genetically modified corn for use in animal feed and industrial use for human food referred to above, being the responsibility of whoever uses it in Mexico that it does not end up being used for nixtamalization or flour production; and (vii) instructs COFEPRIS to integrate a joint research protocol so that, under its coordination, the pertinent studies on the consumption of genetically modified corn and its possible damage to health are carried out. To this date, the amendments to the applicable regulations in connection with the subject matter of this decree, which are mandated by the decree, have not been published. On March 26, 2024, a joint statement between the Ministry of Economy and the Ministry of Agriculture and Rural Development, as well as COFEPRIS, was published on the Federal Government's websites, informing that, due to the unfulfillment of the conditions for the replacement of the use of glyphosate in Mexican agriculture, at the moment, the new decree would not be implemented, in the section that sets forth the prohibition for the use of glyphosate by the Government in its programs, and establishes a transition period for replacing its use, sale, distribution, and importation to the country by private entities by March 31, 2024.

In our opinion, this last decree of February 13, 2023, could result in an increase on the cost of corn used for nixtamalization and corn flour production in Mexico, as well as present challenges in the procurement of such corn. However, until the amendments to the applicable regulations related to the subject matter of the decree are known, we cannot fully assess the impact this may have in our business, financial condition, results of operations, and projections.

On April 17, 2024, the decree issuing the General Law on Adequate and Sustainable Foods (*Ley General de la Alimentación Adecuada y Sostenible* or "LGAAS") was published in the Official Gazette of Mexico, becoming effective the following day. This law aims to establish principles and foundations to guarantee the right to adequate food, promote sustainable food environments, and support the production and consumption of nutritious and innocuous foods. Likewise, it creates the National Intersectoral System for Health, Food, Environment, and Competitiveness (*Sistema Intersectorial Nacional de Salud, Alimentación, Medio Ambiente y Competitividad* or "SINSAMAC") to promote policies that guarantee the right to food.

The LGAAS establishes, among other things, that the right to food comprises the availability, physical access, and economic access to food, so that individuals are able to feed themselves adequately; therefore, the State's authorities must ensure the accessibility of food, from production to distribution, as well as the balance between people's income and the cost of food, having the State's authorities the need to develop specific programs and concrete actions to guarantee such right.

Furthermore, the LGAAS sets forth certain provisions regarding the labeling of pre-packaged foods, requiring consumer information, among other things, when products contain ingredients directly derived from the use of genetically modified organisms. The LGAAS does not describe the form, specifications, or parameters to comply with this obligation.

The LGAAS, within its transitory articles, stipulates a period of 180 days following its entry into force for the issuance of a regulation for said law, which shall specify the scopes indicated by it.

In this regard, we are evaluating the potential impact that the LGAAS may have on our operations, which cannot be fully assessed until we know the scope of the regulation of the LGAAS, as well as the result of the harmonization process of the various legal frameworks related to the subject matter of the LGAAS.

The regulation level in environmental, labor, antitrust, food safety and enforcement matters in Mexico has increased in recent years. We consider that the trend toward greater regulation and enforcement will continue and will be accelerated. The promulgation of new and more stringent laws and regulations, higher levels of enforcement or interpretations of corresponding investigating authorities, could adversely affect our business condition and results of operations.

#### *The Approved Amendments to Mexican Tax Laws May Adversely Affect Us*

On December 9, 2019, various amendments to the Income Tax Law (*Ley del Impuesto sobre la Renta*), the Value Added Tax Law (*Ley del Impuesto al Valor Agregado*), the Special Tax Law on Production and Services (*Ley del Impuesto Especial sobre Producción y Servicios*), the Federal Law of Rights (*Ley Federal de Derechos*) and the Federal Tax Code (*Código Fiscal de la Federación*), were published in the Official Gazette of Mexico and entered into force on January 1, 2020. In general terms, such reforms aimed to continue incorporating to the Mexican tax system, the recommendations issued by the OECD, related to the BEPS action plan, such as: (i) the broadening of the permanent establishment concept, (ii) the fight against hybrid mechanisms, (iii) the limitation for interests deductions, (iv) the strengthening of the transparency rules, also known as "CFC Rules", (v) regulate activities related to the digital economy and (vi) require the taxpayers to reveal aggressive planning mechanisms. On the other hand, it became imperative to identify the business rationale of any legal act that generate direct or indirect tax benefits. We believe the impact of these reforms on the Company is not material and does not represent a major risk for our business.

On December 8, 2020, a decree reforming, adding and deleting various provisions of the Income Tax Law (*Ley del Impuesto sobre la Renta*), the Value Added Tax Law (*Ley del Impuesto al Valor Agregado*) and the Federal Tax Code (*Código Fiscal de la Federación*) was published in the Official Gazette of Mexico. In general terms, the reformed provisions aimed to strengthen taxation authorities' power of inspection, improving tax collection arising from the use of digital platforms, as well as avoiding elusive practices through the use of non-profit entities. The Company considers that these reforms do not generate a significant impact on the Company's operations.

This year 2021, a labor reform that prohibits personnel outsourcing schemes came into force and was published in the Official Gazette of Mexico on April 23, 2021. This reform provided for a series of revisions to several tax laws such as the Income Tax Law and the Value Added Tax Law, in addition to the Social Security Law (*Ley del Seguro Social*), among others, which entered into force on August 1, 2021, in order to adapt the rules for deducting expenses, VAT accreditation, withholding of indirect taxes and the determination of the Employee Profit Sharing.

Failure to comply with the provisions of this personnel outsourcing regime, could lead to fines and loss of certain tax rights, such as the right to deduct paid considerations or to credit the value added tax related to such considerations. Furthermore, it is also provided that the recipient of specialized services will be jointly and severally liable with the employer providing the services, in the event such employer fails to comply with its corresponding labor, tax and social security obligations.

The reform contemplated a three-month transition period for some of its key aspects, during which the Company worked to adapt its Human Resources structures to the new regulations. The Company conducted an analysis of the application of these new provisions and determined that they did not have a material impact on the financial statements.

On November 12, 2021, a new set of tax reforms were published in the Official Gazette of Mexico, which entered into force as of January 1, 2022. Although no new taxes were created, nor were rates increased from existing ones, measures were incorporated to

increase the taxable base of the Income Tax of taxpayers and to limit the Value Added Tax accreditations. Regarding the Federal Tax Code (*Código Fiscal de la Federación*), the obligation for certain taxpayers to tax audited is re-established, an issue that in the past was optional, and the base of subjects obliged to submit the report on their tax situation was expanded. The company concluded that these reforms do not impact its financial statements in a significant manner.

On September 8, 2022, the Executive Branch, through the Ministry of Finance and Public Credit (SHCP), presented to the Mexican Congress the Economic Package for the fiscal year 2023, which did not contemplate relevant reforms to the various tax laws, and therefore, did not pose an impact on the Group.

For the 2024 fiscal year, on September 8, 2023, the Executive Branch submitted before the Mexican Congress its Economic Package, which, for a second consecutive year, lacked amendments to the tax laws. The above, considering statements by the Ministry of Finance and Public Credit (SHCP), manifesting their objective of maintaining legal certainty in the tax field, thereby avoiding additional burden on taxpayers; therefore, no impact will be reflected on the Group's operations. However, despite the above, our business, financial condition, and results of operations could be adversely affected as a result of higher taxes and higher costs due to compliance with new obligations.

#### *Depreciation of the Mexican Peso May Affect our Financial Performance*

Because we have significant international operations generating revenue in different currencies (mainly in U.S. dollars) and debt denominated in various currencies (mainly in U.S. dollars), we remain exposed to foreign exchange risks that could affect our ability to meet our obligations and result in foreign exchange losses. We posted a net loss in 2021, 2022 and 2023 of U.S.\$2.1 million, U.S.\$1.6 million and U.S.\$4.6 million, respectively. Major depreciation of the Mexican peso may limit our ability to transfer or to convert such currency into U.S. dollars for the purpose of making timely payments of interest and principal on our indebtedness. The Mexican government does not currently restrict, and for many years has not restricted, the right or ability of Mexican or foreign persons or entities to convert pesos into U.S. dollars or to transfer other currencies out of Mexico. The government could, however, institute restrictive exchange rate policies in the future.

Additionally, the majority of our supplies are dollar linked, which may affect our profitability if we are not able to reflect higher supply costs in our prices.

#### *High Levels of Inflation and High Interest Rates in Mexico Could Adversely Affect the Business Climate in Mexico and our Financial Condition and Results of Operations*

Mexico has experienced high levels of inflation in the past. The annual rate of inflation, as measured by changes in the National Consumer Price Index was 4.08% for 2014, 2.13% for 2015, 3.36% for 2016, 6.77% for 2017, 4.83% for 2018, 2.83% for 2019, 3.15% for 2020, 7.36% for 2021, 7.82% for 2022 and 4.66% for 2023. From January through March 2024, the inflation rate was 1.28%. On April 23, 2024, the 28-day CETES rate was of 11.04%. High interest rates in Mexico may adversely affect the business climate in Mexico generally and our financing costs in the future and thus our financial condition and results of operations.

#### *Developments in Other Countries Could Adversely Affect the Mexican Economy, the Market Value of Our Securities and Our Results of Operations*

The Mexican economy may be, to varying degrees, affected by economic and market conditions in other countries. Although economic conditions in other countries may differ significantly from economic conditions in Mexico, investors' reactions to adverse developments in other countries may have an adverse effect on the market value of securities of Mexican issuers. In recent years, economic conditions in Mexico have become increasingly correlated to economic conditions in the United States. Accordingly, a slowdown of the economy in the United States, and the uncertainty of the impact it could have on the general economic conditions in Mexico and the United States could have a significant adverse effect on our businesses and results of operations. See "Section 1.3.2. Risk Factors—Our Results of Operations Could Be Affected by Economic and Social Conditions in Mexico," and "Section 1.3.3. Risk Factors—Risks Related to the United States—Unfavorable General Economic Conditions in the United States Could Negatively Impact Our Financial Performance." In addition, economic crises in the United States as well as in Asia, Russia, Brazil, Argentina and other emerging market countries have adversely affected the Mexican economy in the past.

Our financial performance may also be significantly affected by general economic, political and social conditions in the emerging markets where we operate, particularly Mexico, Central America, Eastern Europe and Asia. Many countries in Latin America, including Mexico, have suffered significant economic, political and social crises in the past, and these events may occur again in the future. Instability in Latin America has been caused by many different factors, including:

- Significant governmental influence over local economies;
- Substantial fluctuations in economic growth;
- High levels of inflation;
- Changes in currency values;
- Exchange controls or restrictions on repatriation of funds;
- High domestic interest rates;
- Wage and price controls;
- Changes in governmental, economic or tax policies;
- Imposition of trade barriers;
- Unexpected changes in regulation; and
- Overall political, social and economic instability.

Adverse economic, political and social conditions in Latin America may create uncertainty regarding our operating environment, which could have a material adverse effect on us.

We cannot assure you that the events in other emerging market countries, in the United States, Europe, or elsewhere will not adversely affect our business, financial condition and results of operations.

*Our Shareholders Could May be Unable to Enforce Foreign Judgements Against Us in Mexican Courts*

We are a Mexican publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*). Most of our directors and executive officers are residents of Mexico, and a significant portion of the assets of our directors and executive officers, and a significant portion of our assets, are located in Mexico. Our shareholders may experience difficulty in effecting service of process on us or our directors and executive officers outside of Mexico and in enforcing civil judgments of non-Mexican courts in Mexico, against us, or our directors and executive officers. It may not be possible to enforce in Mexican courts claims based solely on foreign securities laws.

*1.3.3. Risks Related to the United States*

*Unfavorable General Economic Conditions in the United States Could Negatively Impact Our Financial Performance*

Net sales in the United States constituted 55% of our total sales in 2023. Unfavorable general economic conditions in the United States could negatively affect the affordability of and consumer demand for some of our products. Under difficult economic conditions, customers and consumers may seek to forego purchases of our products or, if available, shift to lower-priced products offered by other companies. Softer customer and consumer demand for our products in the United States or in other major markets could reduce our profitability and could negatively affect our financial performance.

Demand for our products in Mexico may also be disproportionately affected by the performance of the United States economy. See also “Section 1.3.2. Risk Factors—Risks Related to Mexico—Our Results of Operations Could Be Affected by Economic and Social Conditions in Mexico.”

*It is Possible that we may not Maintain Our Profitability Due to the Retail Channel Consolidation*

As the retail grocery trade continues to consolidate, resulting in retailers with increased purchase power that could demand lower prices and larger promotional programs, said retailers could also try to use their position in order to improve their profitability through various strategies that could impact our margins, such as a change in their sales mix towards own-brand products, generic brands and other economic brands. In addition, our reliance on sales to some of these retailers may increase. There is a risk that we cannot maintain our profit margins in the U.S., under these conditions. See “Section 2.2.4. Main Customers”.



### *Changes in the Distribution Methods or a Possible Reclassification on the Legal Status Independent Distributors Are Acknowledged, Could Have an Adverse Effect on the Company*

Mission Foods, a division of Gruma USA, distributes its products mainly through independent distributors, who supply tortillas and other related products directly to retail chains (“Independent Distributors”). Mission Foods legally recognizes its Independent Distributors as independent service providers and not as employees. However, to the extent that Mission Foods would have to reclassify or recognize certain of its Independent Distributor as employees, make significant changes to its distribution method to retail chains, or if there was a significant delay in implementing any change Mission Foods decides or needs to carry out, this could lead to controversies, contingencies, and additional costs for said division and therefore negatively affecting its business, financial condition and results of operation.

### *Changes in Public Policies by the United States Government, May Adversely Affect the Operations of the Issuer and The Industry Where It Operates*

On November 5, 2024, the United States will hold presidential elections, as well as elections for seats in both houses of Congress. The outcome of the presidential and congressional elections, and any changes resulting from said elections, could lead to political uncertainty and/or the approval or lack of approval, or the implementation or lack of implementation of political and economic reforms for such country, which could consequently have a material adverse effect on the economic policy of the United States and/or on our business, financial situation, operating results, and prospects.

It is possible that the winning government from the aforementioned election will make significant changes in the governmental policies of United States, including legal reforms and reversals to public policies implemented by the previous administration on issues such as immigration, climate change, tax policy and trade agreements with Mexico, including the United States, Mexico, Canada Agreement (“USMCA”). We cannot predict the impact that such changes in governmental policies or legal reforms could have on the Mexican economy, the industry in which we operate, as well as in our business, results of operations, financial condition and prospects.

### *1.3.4. Risks Related to Our Primary Shareholder Group and Capital Structure*

#### *The Protections Afforded to Minority Shareholders in Mexico Are Different from Those in Other Countries*

Under Mexican law, the protections afforded to minority shareholders are different from those in other countries. In particular, the law concerning fiduciary duties of directors, executive officers and controlling shareholders has been recently developed and there is no sufficient legal precedent to predict the outcome of any such action. Additionally, shareholders’ class actions are not available under Mexican law and there are different procedural requirements for bringing shareholder derivative lawsuits. As a result, in practice it may be more difficult for our minority shareholders to enforce their rights against us, our directors, our executive officers or our controlling shareholders than it would be for shareholders of another country.

#### *Exchange Rate Fluctuations May Affect the Value of Our Shares*

Fluctuations in the exchange rate between the peso and currencies of other countries will affect the value of an investment in our shares and of dividend and other distribution payments on those shares. See “Section 1.1.4. Exchange Rate.”

#### *Mexican Law Restricts the Ability of Non-Mexican Shareholders to Invoke the Protection of Their Governments with Respect to Their Rights as Shareholders*

As required by Mexican law, our bylaws provide that non-Mexican shareholders shall be treated as Mexican shareholders in respect to their ownership interests in us, and shall be deemed to have agreed not to invoke the protection of their governments under any circumstance, under penalty of forfeit, in favor of the Mexican government, any participation or interest held in us.

Under this provision, a non-Mexican shareholder is deemed to have agreed not to invoke the protection of its own government by requesting the initiation of a diplomatic claim against the Mexican government with respect to its shareholder’s rights. However, this provision shall not deem non-Mexican shareholders to have waived any other rights they may have with respect to their investment in us.

#### *Our Primary Shareholder Group Exerts Substantial Control Over Us*

As of April 26, 2024, the Primary Shareholder Group controlled approximately 52.12% of our capital stock (52.21% of our outstanding shares). See “Section 4.4. Bylaws and other Agreements—Changes in Capital Stock.” Consequently, the Primary

Shareholder Group, acting together, determines the outcome of most corporate actions requiring approval of our shareholders, including the election of the majority of our directors and the declaration of payment of dividends.

The interests of the Primary Shareholder Group may differ from those of our other shareholders. See “Section 4.3.3. Major Shareholders.”

We cannot assure that members of the Primary Shareholder Group will continue to hold their shares or act together for purposes of control. Additionally, the members of the Primary Shareholder Group may pledge the totality or part of their shares in us to guarantee any obligation, including any future borrowings. In the event of any default where lenders exercise their rights against any and all of these shares, the Primary Shareholder Group could lose its controlling interest in us resulting in a change of control. This, in turn, could trigger a default in some of our credit agreements if the established conditions under the terms of the corresponding credit agreements are met, resulting in a default of other debt documents. A Change of Control could also require us to make an offer to repurchase debt, as per the terms in our debt agreements. Said default or repurchase obligation could have a material adverse effect upon our business, financial condition, results of operations and prospects. See “Section 4.3.3. Major Shareholders” for further detail.

#### *Our Antitakeover Protections May Deter Potential Acquirers*

Certain provisions of our bylaws could make it substantially more difficult for a third party to acquire control of us. These provisions in our bylaws may discourage certain types of transactions involving the acquisition of our securities. These provisions could discourage transactions in which our shareholders might otherwise receive a premium for their shares over the then current market price. Holders of our securities who acquire shares in violation of these provisions will not be able to vote, or receive dividends, distributions or other rights in respect of, these securities and would be obligated to pay us a penalty. For a description of these provisions, see “Section 4.4. Bylaws and other Agreements—Other Provisions—Antitakeover Protections.”

#### *We Are a Holding Company and Depend Upon Dividends and Other Funds from Subsidiaries to Service Our Debt*

We are a holding company with no significant assets other than the shares of our subsidiaries. As a result, our ability to meet our debt service obligations depends primarily on the dividends received from our subsidiaries. Under Mexican law, companies may only pay dividends:

- from earnings included in year-end financial statements that are approved by shareholders at a duly convened meeting;
- after any existing losses applicable to prior years have been made up or absorbed into stockholders’ equity;
- after at least 5% of net profits for the relevant fiscal year have been allocated to a legal reserve until the amount of the reserve equals 20% of a company’s paid-in capital stock; and
- after shareholders have approved the payment of the relevant dividends at a duly convened meeting.

In addition, Gruma USA is subject to covenants in some of its debt agreements which require the maintenance of specified financial ratios, upon an event of default, prohibit the payment of cash dividends. For additional information concerning these restrictions on intercompany transfers, see “Section 2.2.13. Dividends” and “Section 3.4.3. Financial Condition, Liquidity and Capital Resources.”

## **1.4. OTHER SECURITIES**

The company and its Series B shares are listed in the BMV.

The Debt Securities (*Certificados Bursátiles*) Gruma 18 issued on September 27, 2018 for Ps.3 billion, with a maturity date on September 21, 2023, were registered before the RNV under number 0805-4.19-2018-001-01. On October 20, 2022, the Debt Securities (*Certificados Bursátiles*) Gruma 18 were fully redeemed in advance.

The Debt Securities (*Certificados Bursátiles*) Gruma 21 issued on May 21, 2021 for Ps. 2 billion, with a maturity date on May 12, 2028, were registered before RNV under number 0805-4.19-2018-001-02. The Debt Securities (*Certificados Bursátiles*) Gruma 22 issued on October 13, 2022 for Ps.4.5 billion, with a maturity date on October 7, 2027 were registered before the RNV under number 0805-4.19-2022-001-01.

The Notes due 2024, issued on December 2014, were registered on the Official List of the Luxembourg Stock Exchange in order to be traded on the Euro MTF.

See “Section 3.3 Relevant Credit Facilities Report” for further details.

The type of reports which are sent to the corresponding regulatory agencies and stock exchanges are: Annual Report and Audited Financial Statements, which include the periods reported for the current year versus last year and are filed on an annual basis. Additionally, Quarterly Results Reports are delivered, which include periods reported for the current quarter against the last quarter, as well as the current quarter against the same quarter of the previous year and the aggregate of the current year against the aggregate of the last year. This information is filed on a quarterly basis. As of this date and during the last three fiscal years, the company has timely and completely filed the information regarding outstanding events and public information as required by the applicable law.

As of 1998 GRUMA’s shares traded in the NYSE, in the form of ADS, through the Series B, 4 shares per ADS, Citibank N.A., being the Depository Bank. Per decision of the Board of Directors of the Company, on June 26, 2015 GRUMA notified Citibank of its intention to terminate the Deposit Agreement regarding its ADRs, in order to delist its ADRs from the NYSE. As of September 8, 2015, GRUMA’s ADR stopped trading in NYSE, and the deposit agreement was terminated simultaneously. The latter in order to concentrate the trading of the shares in the BMV, and thereby increasing its liquidity.

On September 10, 2015 the company filed the 15F Form before the SEC, requesting the deregistration before the SEC. Consequently, and given that the SEC did not pose any objection on that regard, the cancellation became effective on December 9, 2015 and GRUMA’s reporting obligations under the Securities Exchange Act of 1934 (the "Exchange Act") were extinguished as of that date.

Currently, there are no ADR program sponsored by GRUMA. GRUMA does not authorize, endorse, support or encourage the creation of any unsponsored ADR program in respect to its securities and disclaims any liability whatsoever, arising out of any unsponsored ADR program.

## **1.5. SIGNIFICANT CHANGES TO THE RIGHTS OF SECURITIES REGISTERED IN THE REGISTRY**

There are no changes to the rights of the securities of the Issuer registered in the RNV.

## **1.6. DESTINATION OF THE FUNDS**

All net proceeds from the issuance of the Debt Securities (*Certificados Bursátiles*) Gruma 21 were destined to the advance payment of the 2018 Syndicated Facility in Pesos.

All net proceeds from the issuance of the Debt Securities (*Certificados Bursátiles*) Gruma 22 were destined to the payment of debt, including the early redemption of the Debt Securities (*Certificados Bursátiles*) Gruma 18.

## **1.7. PUBLIC DOCUMENTS**

The information contained in this report may be reviewed through the investor relations section of our website: [www.gruma.com](http://www.gruma.com). A description of our company as well as updated financial information can be found there. Likewise, the investor may request a copy of this document directly to the company. See “Section 1.4. Other Securities.”

For a more personalized attention, you can address our Investor Relations department:

### **Investor Relations**

Telephone: (52 81) 8399-3349

E-mail: [ir@gruma.com](mailto:ir@gruma.com)

Address: Calzada del Valle 407 Ote.  
Col. Del Valle  
San Pedro Garza García, N.L.  
66220, Mexico

## 2. THE COMPANY

### 2.1 HISTORY AND DEVELOPMENT OF THE COMPANY

Gruma, S.A.B. de C.V. is a publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*) incorporated on December 24, 1971 in Monterrey, Mexico under the *Ley General de Sociedades Mercantiles*, or Mexican Corporations Law, with a corporate life of 99 years. Our full legal name is Gruma, S.A.B. de C.V., but we are also known by our commercial names: GRUMA, MASECA and MISSION. The address of our principal executive office is Calzada del Valle, 407 Ote., Colonia del Valle, San Pedro Garza García, Nuevo León, 66220, Mexico and our telephone number is (52) 81 8399-3300. Our legal domicile is San Pedro Garza García, Nuevo León, Mexico.

The company was founded in 1949, when Mr. Roberto González Barrera started producing and selling nixtamalized corn flour in Northeastern Mexico as raw material for producing tortillas and other corn-based products. Prior to our founding, all corn tortillas were made through the corn dough method or *nixtamal* (the “Traditional Method”). Today, both the Traditional Method, as well as the nixtamalized corn flour method are used, additionally, corn flour and the dough prepared through the Traditional Method can be mixed in various proportions to produce tortillas and other corn-based products. Our main nixtamalized corn flour operations are in Mexico and the United States and, to a lesser extent, in Central America and Europe.

Later, the company was able to integrate vertically with tortilla production and related products with important operations primarily in the United States and, to a lesser extent, Europe, Asia, Oceania, Central America and Mexico. In addition, we have diversified our product mix to include other types of flatbreads (pita, naan, chapati, pizza bases and piadina) mainly in Europe, Asia and Oceania, and corn grits mainly in Europe, among other products in the regions where we have presence.

The following are some significant historical highlights:

- **In 1949**, Roberto González Barrera and a group of predecessor Mexican corporations founded GIMSA, which is engaged principally in the production of nixtamalized corn flour in Mexico.
- **In 1972**, we entered the Central American market with our first operation in Costa Rica. Today, we have operations in Costa Rica, Guatemala, Honduras, El Salvador and Nicaragua, as well as Ecuador, which we include as part of our Central American operations.
- **In 1977**, we entered the U.S. market. Our operations have grown to include products such as tortillas, nixtamalized corn flour, and other tortilla related products.
- **From 1989 to 1995**, we significantly increased our installed manufacturing capacity in the United States and in Mexico.
- **In 1993**, we entered the Venezuelan corn flour market through an investment in DEMASECA, a Venezuelan corporation producing corn flour.
- **In 1994**, GRUMA became a publicly listed company in both Mexico and the U.S.
- **In 1996**, we strengthened our position in the U.S. corn flour market through an association with ADM. Through this association we combined our existing U.S. nixtamalized corn flour operations and strengthened our position in the United States. This association also allowed us to enter the Mexican wheat flour market by acquiring a 60% ownership interest in ADM’s Mexican wheat flour operations. ADM no longer holds an ownership interest in us and we no longer have the wheat flour operations in Mexico.
- **From 1997 to 2000**, we initiated a significant plant expansion program. During this period, we acquired or built tortilla plants, nixtamalized corn flour plants and wheat flour plants in the United States, Mexico, Central America, Venezuela and Europe.
- **In 2004**, we increased our presence in Europe by acquiring Ovis Boske, a tortilla company based in the Netherlands, and Nuova De Franceschi & Figli, a grits and nixtamalized corn flour company based in Italy. We continued to expand capacity and upgrade several of our U.S. operations, the most relevant of which was the expansion of a nixtamalized corn mill plant in Indiana.

- **In 2005**, we continued to expand capacity at existing plants, began the construction of a tortilla plant in the northeast of the U.S., acquired three tortilla plants from Cenex Harvest States or CHS (located in Minnesota, Texas and Arizona) and one more in San Francisco, California.
- **In 2006**, we acquired two small tortilla plants in Australia (Rositas Investments and Oz-Mex Foods) and opened our first tortilla plant in China, which strengthened our presence in the Asian and Oceanian markets. We concluded the acquisition of Pride Valley Foods, a company based in England that produces pita bread, naan, and chapati, thus expanding our product portfolio to other types of flatbreads.
- **In 2007**, we entered into a contract to sell up to 40% stake in MONACA to our former partner in DEMASECA. In conjunction with this transaction, we also agreed to purchase an additional 10% ownership interest in DEMASECA from our then partner. We also purchased the remaining 49% ownership interest in Nuova De Franceschi & Figli. In addition, we made major investments in capacity expansions and upgrades in Gruma USA, started the construction of a tortilla plant in Australia for Gruma Asia-Oceania, and expanded two of GIMSA's plants.
- **From 2008 to 2010**, we invested in the construction of a tortilla plant in southern California, capacity expansions, general manufacturing and technology upgrades to several of our existing facilities, the construction of a tortilla plant in Australia, the construction of a wheat mill in Venezuela, and the acquisition of the leading producer of corn grits in Ukraine.
- **In 2011**, we acquired Semolina, the Turkish leading producer of corn grits, two tortilla plants in the U.S. located in Omaha, Nebraska and Albuquerque, New Mexico, and Solntse Mexico, the leading tortilla manufacturer in Russia.
- **In 2012**, our founder Mr. Roberto González Barrera passed away. In December 2012, we repurchased 23.16% of our issued shares from ADM as well as ADM's minority stakes in Azteca Milling, Molinera de México, S.A. de C.V., Consorcio Andino, and Valores Mundiales. There was also a major focus of the company towards value creation.
- **In 2013**, we deconsolidated the Venezuelan Companies. See "Section 1.3.4. Risk Factors—Risks Related to Venezuela— We have Cancelled our Investment in the Venezuelan Companies which are Currently Involved in an Expropriation Proceeding".
- **In 2014**, we concluded the sale of our wheat mills. See "Section 3.4. Management's Discussion and Analysis of the Results of Operations and Financial Situation of the Issuer—Acquisitions and Other Significant Events Within Our Business Units." We also issued U.S.\$400 million senior notes due 2024. See "Section 3.4.3. Financial Condition, Liquidity and Capital Resources—Indebtedness."
- **In 2015**, GRUMA deregistered its ADRs from the NYSE and cancelled its registration before the SEC, thereby its reporting obligations under the Securities Exchange Act of 1934, were extinguished. See "Section 1.4. Other Securities." Additionally, GRUMA cancelled its total investment in the Venezuelan Companies, writing-off the indirect net investment in the Venezuelan Companies, as well as the accounts receivable that certain subsidiaries of GRUMA had with the Venezuelan Companies. See Note 27 to our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended in said dates.
- **In 2016**, GRUMA continued executing its capital expenditure program through the construction of tortilla plants in Dallas, Malaysia, Russia and Monterrey, in addition to the expansion of the nixtamalized corn flour plant in Evansville, In., and the reopening of the nixtamalized corn flour plant in Chalco, Edo. de Mexico, among others.
- **In 2017**, GRUMA successfully concluded a public offer to purchase all the shares of GIMSA that were not owned by GRUMA, through which it obtained more than 99% holding and enabled GIMSA to obtain the authorization for the cancellation of the registration of the shares of GIMSA in the RNV and the cancellation of the listing of the shares of GIMSA on the BMV, respectively. Additionally, GRUMA continued the execution of its capex program, mainly through the opening of the tortilla plant in Russia and the construction of a tortilla plant in Dallas.
- **In 2018**, GRUMA concluded the construction of one of its largest tortilla manufacturing facilities in Dallas, as well as another tortilla manufacturing facility in central Mexico. During this year, the company was actively repurchasing its own shares. Additionally, Debt Securities (*Certificados Bursátiles*) Gruma 18 were issued in the local debt market for an amount of Ps.3 billion.

- **In 2019**, throughout the year, the Company was actively repurchasing its own shares and continued with several expansions, particularly in its tortilla plant in Dallas.
- **In 2020**, GRUMA addresses and adapts to the dynamics regarding the COVID-19 pandemic; still, GRUMA achieves the highest EBITDA margin in its history while it continues with its investment program for capacity expansions and repurchase of shares.
- **In 2021**, GRUMA increases capacity for the tortilla plant in Spain, construction for the tortilla plant in Indianapolis begins and the reopening of the tortilla plant in Omaha takes place. Additionally, the Gruma 21 CEBURES were issued in the local debt market for an amount of Ps.2 billion.
- **In 2022**, GRUMA successfully addresses the effects of inflation on its cost structure, achieving EBITDA and sales growth of 10% and 21%, respectively. Gruma22 CEBURES were issued in the local debt market for Ps. 4.5 billion and the first sustainability report was published.
- **In 2023**, GRUMA achieves over one billion dollars in consolidated EBITDA by year-end. This represents a 24% growth in this area, attributed to the solid global brand positioning across its operations.

## 2.2. BUSINESS OVERVIEW

### 2.2.1. Principal Activity

We are a holding company and one of the world’s main tortilla and nixtamalized corn flour producers. With leading brands in most of our markets, we have operations in the United States, Mexico, Europe, Central America, Asia, and Oceania. We are headquartered in San Pedro Garza García, Mexico, and have approximately 24,135 employees. Our shares are publicly traded in Mexico through the BMV and until September 8, 2015 they also traded in the United States of America through the NYSE. We are organized as a *sociedad anónima bursátil de capital variable* under the laws of Mexico.

We believe we are one of the main producers of nixtamalized corn flour and tortillas in the United States and nixtamalized corn flour in Mexico. We believe that we are also an important producer of nixtamalized corn flour and tortillas in Central America, of tortilla and other flatbreads, including pita, naan, chapati, pizza bases and piadina in Europe, Asia and Oceania, and of corn grits in Europe and the Middle East.

Our focus has been and continues to be the efficient and profitable expansion of our core business— nixtamalized corn flour and tortilla. We pioneered the nixtamalized corn flour method of tortilla production, which features significant opportunities for growth. Using our know-how, we will seek to encourage tortilla and other corn-based products manufacturers in the United States, Mexico, Central America, and elsewhere to use nixtamalized corn flour in the production of the same.

The following table sets forth our consolidated revenues by geographic market for the years ended December 31, 2023, 2022, and 2021.

	Year ended December 31,					
	2023		2022		2021	
	(in millions of US dollars)					
United States.....	U.S.\$	3,638	U.S.\$	3,190	U.S.\$	2,593
Mexico.....		1,881		1,422		1,193
Europe.....		435		420		334
Central America.....		365		323		264
Asia and Oceania.....		257		242		240
Total.....	U.S.\$	6,576	U.S.\$	5,597	U.S.\$	4,624

### Strategy

Our strategy is to focus on our core business—nixtamalized corn flour and tortilla—as well as to expand our product portfolio towards the flatbreads category in general and flavored corn chips, with emphasis in healthier and higher added value products. We will continue taking advantage of the increasing popularity of Mexican food and, more importantly, tortillas, in the U.S., European, Asian

and Oceanian markets. We will also continue taking advantage of the adoption of tortillas by the consumers of several regions of the world for the preparation of different recipes other than Mexican food. Our strategy includes the following key elements:

*Expand in the Tortilla Market in the United States:* We believe that the size and growth of the tortilla market in this country still offer us significant opportunities for expansion, mainly in the retail channel, looking to continuously innovate our products with emphasis on healthier alternatives and with greater added value based on the preferences of our customers.

*Expand in the Tortilla, Flatbread Markets and Flavored Corn Chips in Europe, Asia and Oceania:* We believe that markets in other continents such as Europe, Asia and Oceania offer us significant opportunities. We believe our current operations will enable us to better serve our customers in those regions, with fresher products, with emphasis on healthier alternatives and with greater added value, and respond more quickly to their needs.

*Gradually Enter the Flat Bread and Flavored Corn Chips Markets in the United States and Mexico.*

*Maintain MISSION® and GUERRERO® Tortilla Brands as the First and Second National Brands in the United States and Position our Mission Brand in Other Regions of the World:* We intend to achieve this by increasing our efforts at building brand name recognition with constant product innovation, with emphasis in healthier and greater added value alternatives, and by expanding and having presence in more supermarket chains.

*Encourage Transition from the Traditional Cooked-Corn Method to the Nixtamalized Corn Flour Method as Well as New Uses for Nixtamalized Corn Flour:* GRUMA introduced the nixtamalized corn flour method for the production of tortilla and other corn-based products to the market. We believe that there is still much growth potential and that the transition from the Traditional Method to the nixtamalized corn flour method of making tortillas and other corn-based products, is the primary opportunity for increased nixtamalized corn flour sales, particularly in Mexico. We continue working in expanding the use of nixtamalized corn flour in the manufacture of different types of products.

*Invest in our Core Business and Focus on Optimizing Operational Matters:* We intend to focus our capital expenditure program on our core business to enable us to meet future demand, consolidate our leading position in the industry and continue generating returns to the shareholders above our cost of capital.

### 2.2.1.1. U.S. Operations

#### **Overview**

We conduct our United States operations principally through our subsidiary Gruma USA, which manufactures nixtamalized corn flour, tortillas, corn chips and other related products. Gruma USA commenced operations in the United States in 1977, initially developing a presence in certain major tortilla consumption markets by acquiring small tortilla manufacturers and converting their production processes from the Traditional Method to our nixtamalized corn flour method. Eventually, we began to build our own state-of-the-art tortilla plants in certain major tortilla consumption markets.

Gruma USA operates primarily through its Mission Foods division, which produces tortillas and related products, and through Azteca Milling, which produces nixtamalized corn flour. We believe Gruma USA is one of the main producers of tortillas and related products throughout the United States as well as one of the main producers of nixtamalized corn flour in the United States.

*Main Products.* Mission Foods manufactures corn and wheat tortillas and related products (which include tortilla chips) mainly under the MISSION®, GUERRERO® and CALIDAD® brand names in the United States. By continuing to build MISSION® into a strong national brand oriented to every type of consumer, GUERRERO® into a strong Hispanic consumer focused brand and CALIDAD® as our value brand in tortillas and chips, we expect to increase Mission Foods' market penetration, brand awareness and profitability. Azteca Milling manufactures nixtamalized corn flour in the United States under the MASECA® brand, and, to a lesser extent, under our value brand TORTIMASA®.

*Sales and Marketing.* Mission Foods' products are marketed in both retail and food service channels. In the U.S., retail customers represented approximately 80% of our sales volume in 2023, including supermarkets, mass merchandisers, membership stores and smaller independent stores. Our food service customers include major chain restaurants, food service distributors, schools, hospitals and the military.

For the U.S. tortilla market, Mission Foods' current marketing strategy is to focus on core products and drive organic, profitable, and sustainable growth, while creating a strong value proposition for our consumers through superior consumer knowledge and

understanding, continuous product innovation with emphasis on healthy alternatives, excellence in customer service and effective marketing programs. Mission Foods promotes its products primarily through merchandising programs in supermarkets, and, to a lesser extent, joint promotions with other companies' products that may be complementary to ours. We believe these efforts, among other factors, have contributed to greater consumer awareness, and household penetration. Mission Foods also targets food service companies and works with its clients to address their individual needs and provide them with a full line of products. Mission Foods continuously attempts to identify new customers and markets for its tortillas and related products.

In 2023, Azteca Milling sold approximately 28% of its nixtamalized corn flour sales volume to Mission Foods' plants in the United States. Azteca Milling's third-party customers consist largely of other tortilla manufacturers, corn chip producers, retail customers and wholesalers. Azteca Milling sells nixtamalized corn flour in various quantities, ranging from half a kilo retail packages to bulk railcar loads.

We believe that the growing consumption of Mexican-style foods by non-Hispanics will continue to increase demand for tortillas and tortilla related products, particularly wheat flour tortillas. Additionally, we believe that demand for tortilla and other related products will continue to increase driven by the fact that tortillas are no longer solely used in Mexican food; for example, tortillas are also used for wraps. As it happens in tortillas and related products, the growth in the U.S. nixtamalized corn flour market is also driven by of the Hispanic population growth, the consumption of tortillas and tortilla chips by the general consumer market, and stronger and increased distribution of nixtamalized corn flour. Additionally, the growth in the U.S. nixtamalized corn flour market is also attributable to the conversion of tortilla and tortilla chip producers from the Traditional Method to the corn flour method.

*Competition and Market Position.* We believe Mission Foods is one of the main producers of tortillas and related products throughout the United States. We believe the tortilla market is highly fragmented, regional in nature and extremely competitive. Mission Foods' main competitors in the U.S. are hundreds of tortilla producers who manufacture locally or regionally and tend to be sole proprietorships. However, there are some competitors that have a presence in several U.S. regions, such as: Olé Mexican Foods, La Tortilla Factory, El Milagro and Reser's Fine Foods, among others. In addition, a few large companies compete with Mission Foods, for example, Tyson Foods, General Mills, Hormel Foods, Flower Foods, and Bimbo.

Among our competitors in the U.S. within the corn flour milling industry are Bunge, Cargill, LifeLine Foods, and Hari Masa. Azteca Milling competes with these corn flour manufacturers in the United States primarily on the basis of superior quality, technical support, customer service and brand recognition.

*Operations and Capital Expenditures.* Annual total production capacity for Gruma USA is estimated at 2 million metric tons as of December 31, 2023, with an average utilization of 83% in 2023. The average size of our plants as of December 31, 2023 was approximately 14,275 square meters (about 153,650 square feet).

Capital expenditures for the past three years were U.S.\$395 million and were primarily used for the construction of a new plant, capacity expansions, and general manufacturing and technology upgrades. During this period, we acquired the Olympic plant building, finished the construction of the new plant in Indianapolis, Indiana, as well as the acquisition of adjacent land to the plant for future expansions in Indiana, the expansion of the Dallas plant, the reopening of the Omaha plant. In addition, flour silos were added to the Plainview plant, silos for non-transgenic products in the Amarillo plant, the purchase of land for the Madera plant, as well as continued improvements were made to the wastewater treatment system in the corn flour plants, amongst other projects.

Gruma USA's projected capital expenditures for 2024 are expected to be approximately U.S.\$110 million, mainly to continue with the expansion of the capacity of the new tortilla plant in Indianapolis, Indiana, along with the continuation of improvements in wastewater treatment at the corn flour plants, in addition to various manufacturing and technology upgrades.

Mission Foods has 21 tortilla and other related products plants throughout the United States. Mission Foods is committed to offering the best quality products to its customers through the implementation of the American Institute of Baking ("AIB") food safety standards, and Global Food Safety Initiative ("GFSI") recognized certification schemes such as Safe Quality Food ("SQF"). Additionally, our plants are regularly evaluated by other third-party organizations and customers. All of the Mission Foods manufacturing facilities have earned either a superior or excellent category rating from the AIB-GMP (Good Manufacturing Practice) audits. All of Mission Foods' United States plants have earned the SQF certification.

Azteca Milling produces nixtamalized corn flour at six plants located in Amarillo, Edinburg and Plainview, Texas; Evansville, Indiana; Henderson, Kentucky; and Madera, California. The majority of our plants are located within important corn growing areas. Due to Azteca Milling's manufacturing processes and practices, its 6 plants located in the United States have obtained the SQF (Safe Quality Food). Further, Azteca Milling implements a GMP's (Good Manufacturing Practices) inspection plan of the AIB institute.



*Seasonality.* We believe there is no significant seasonality in our products, however certain products tend to experience a slight volume increase during the summer months. Tortillas and tortilla chips sell year-round, with special peaks during the summer, when we increase our promotions and advertising by taking advantage of several holidays and major sporting events. Tortilla and tortilla chip sales decrease slightly towards the end of the year when many Mexicans go back to Mexico for the holidays. Sales of nixtamalized corn flour fluctuate seasonally as demand is higher in the fourth quarter during the holidays because of higher use of nixtamalized corn flour in certain Mexican foods that are very popular during this time of the year.

*Raw Materials.* Corn is the principal raw material used in the production of nixtamalized corn flour. Azteca Milling buys corn only from local farmers and grain sellers that agree to supply varieties of corn approved for human consumption. Azteca Milling tests and monitors its raw material purchases, in order to avoid the introduction in our productive process for corn not approved for human consumption. In addition, Azteca Milling applies certain testing protocols to incoming raw materials to identify genetically modified products not approved for human consumption.

Because corn prices tend to be volatile, Azteca Milling engages in a variety of hedging activities for the purchase of its corn supplies, including the purchase of corn futures contracts. In so doing, Azteca Milling attempts to assure corn availability approximately 12 months in advance of harvest time and gradually guard against price volatility during the year prior to the harvest, trying to obtain most of the hedging several months in advance. The Texas Panhandle currently is the single largest source of food-grade corn. Azteca Milling is also involved in short-term contracts for corn procurement with many corn suppliers. If suppliers fail to deliver, Azteca Milling can easily access the spot markets. Azteca Milling does not anticipate any difficulties in securing adequate corn supplies in the future.

Nixtamalized corn flour for Mission Foods U.S. operations is supplied by Azteca Milling, and to a much lesser extent, by GIMSA. Wheat flour for the production of wheat tortillas is purchased from third party producers. Since wheat prices are also volatile, Mission Foods hedges in order to purchase wheat flour, including the purchase of wheat future contracts. Mission Foods believes the market for wheat flour is sufficiently large and competitive to ensure that wheat flour will be available at competitive prices to supply our needs.

*Distribution.* An important element of Mission Foods' sales growth has been the expansion and improvement of its products' distribution. Mission Foods' products are distributed in the United States to stores or DSD through direct distribution, and to a much smaller extent, through warehouse distribution. Store or DSD direct distribution is carried out through Independent Distributors, who deliver tortillas, corn chips and other products on a daily basis or several times per week, depending on the customer's needs and its requirements. Mission Foods legally recognizes its Independent Distributors as independent service providers and not as its employees. See "Section 1.3.3. Risks Related to the United States".

The vast majority of nixtamalized corn flour produced by Azteca Milling in the United States is sold to tortilla and tortilla chip manufacturers and is delivered directly from our plants to the customers' manufacturing facilities by third parties. To the lesser extent, an important part of our sales goes to wholesalers. Azteca Milling's retail market is primarily serviced by independent distributors, although a few large retail customers have their corn flour delivered directly to them from the plants.

### *2.2.1.2. Mexican Operations*

#### ***Overview***

Our largest business in Mexico is the manufacture of nixtamalized corn flour, which we conduct through our subsidiary GIMSA. Our other subsidiaries engage in the manufacturing of tortillas and other related products, conduct research and development regarding nixtamalized corn flour and tortilla manufacturing equipment, produce machinery for nixtamalized corn flour and tortilla production and construct our nixtamalized corn flour manufacturing facilities.

#### ***GIMSA—Nixtamalized Corn Flour Operation***

*Main Products.* GIMSA produces nixtamalized corn flour in Mexico, which is then used as a raw material in the preparation of tortillas and other corn-based products.

GIMSA sells nixtamalized corn flour in Mexico mainly under the brand name MASECA®, which is a fine-textured product that becomes dough when water is added. This corn dough can then be pressed to an appropriate thickness, cut to shape and cooked to produce tortillas and other corn-based products.

GIMSA produces over 50 varieties of nixtamalized corn flour for the manufacture of different food products which are developed to meet the requirements of our different types of customers according to the kind of products they manufacture and markets they serve.

*Sales and Marketing.* GIMSA sells packaged nixtamalized corn flour in bulk mainly to tortilla and other corn-based products manufacturers, including corn chips and snacks manufacturers. 20-kilogram sacks of nixtamalized corn flour are usually sold to tortilla producers. Much bigger sacks are used in sales to big snack producers. Additionally, GIMSA sells one-kilogram packages mostly for domestic use in the retail market.

The following table sets forth GIMSA’s bulk and retail sales volume of nixtamalized corn flour, and other products for the periods indicated.

	Year ended December 31,					
	2023		2022		2021	
	Tons in thousands	%	Tons in thousands	%	Tons in thousands	%
Nixtamalized Corn Flour.....	2,145	100	2,074	100	2,044	100
Bulk.....	1,758	82	1,707	82	1,682	82
Retail.....	387	18	367	18	362	18
Other.....	2	0	2	0	3	0
Total.....	2,147	100	2,076	100	2,047	100

Retail sales of nixtamalized corn flour are channeled to two distinct markets: urban centers and rural areas. Sales to urban consumers are made mostly through supermarket chains that use their own distribution networks or through wholesalers who sell the product to smaller grocery stores throughout Mexico. Sales to rural areas are made principally through the government that operates social distribution programs through a network of small stores which supply communities in rural areas with basic food products.

Mexico’s tortilla industry is highly fragmented, consisting of approximately 110,000 *tortillerías*, most of which continue to utilize the Traditional Method of tortilla production, while some use corn flour and some others mix dough prepared through the Traditional Method and corn flour in various proportions.

We estimate that the Traditional Method is used to manufacture two thirds of the tortillas produced in Mexico. We believe that approximately one quarter of the corn dough used to produce tortillas in Mexico is made with our nixtamalized corn flour.

GIMSA has always been observant of market changes in order to adapt at a faster pace or even anticipate, its customers’ needs, diversifying its sales force into specialized teams to satisfy different customer profiles, while focusing on product availability and expanding market coverage. During 2023, we continued working on the strategy to offer a business comprehensive proposal, that includes the following initiatives regarding products, services and marketing.

- Better serve our current customers and strengthen commercial relations offering personalized services and sales programs, as well as special promotions specifically tailored to every type of customer;
- Widen the coverage, mainly in regions with low nixtamalized corn flour consumption, developing sales formats which enable us to reach all our customers, regardless of their size or location;
- Achieve a higher product availability and proximity to customers, through the opening of more distribution centers and direct delivery at their facilities;
- Assist our customers in the implementation of new operation methods through training and technical assistance, which help them to achieve a cost reduction and enable them to increase the profitability of their business;
- Support our clients in the development of new valued added products, according to consumers’ trends;
- Develop special flours to satisfy the needs and requirements of our clients;

- Provide assistance and financing for the acquisition or renewal of equipment for the manufacturing of tortillas and other corn-related products, taking into consideration the type of machinery required by each customer;
- Develop tailor made programs and marketing promotions to engage new customers and increase the corn flour consumption in certain market segments.

*Competition and Market Position.* In the market of raw materials for producing tortilla and other corn-based products, GIMSA faces competition on three different ways: (i) corn used by tortilla producers to make dough through the Traditional Method in their premises; (ii) corn dough produced industrially through the Traditional Method and distributed to *tortillerías* and manufacturers of other corn-based products; and (iii) other corn flour producers, such as: Minsa Group, Hari Masa, Cargill, Molinos Anáhuac, among others. We compete on the basis of quality, customer service and geographic coverage.

*Operations and Capital Expenditures.* GIMSA currently owns 18 nixtamalized corn flour mills, all of which are located throughout Mexico, typically within corn growing regions and close to large tortilla consumption areas. GIMSA has one plant located in Celaya and has been inactive since February 2006.

Annual total production capacity for GIMSA is estimated at 2.3 million metric tons as of December 31, 2023, with an average utilization of 95% in 2023. The average size of our plants as of December 31, 2023 was approximately 23,788 square meters (approximately 256,052 square feet).

GIMSA's capital expenditures for the last three years were U.S.\$158 million and have been primarily used to upgrade technology, maintenance, storage capacity expansion and purchase of transportation equipment. GIMSA currently projects total capital expenditures during 2024 of approximately U.S.\$38 million, which will be used primarily for general manufacturing and technology upgrades.

Each of GIMSA's nixtamalized corn flour facilities uses proprietary technology developed by our technology and equipment operations. For more information about our in-house technology and design initiatives, see "Section 2.2.1.7. Technology and Equipment Operations" and "Section 2.2.9. Organizational Structure".

*Seasonality.* The demand for nixtamalized corn flour varies slightly with the seasons, with some minor increases during the December holidays.

*Raw Materials.* Corn is the principal raw material required for the production of nixtamalized corn flour and constituted 61% of GIMSA's cost of sales for 2023 (does not include purchase expenses). We purchase corn primarily from Mexican growers and grain elevators, and from different parts of the world, provided that such corn complies with the requirements established in Mexico, at international prices based on the Chicago Board of Trade futures. GIMSA's corn purchases are made through its subsidiary Compañía Nacional Almacenadora, S.A. de C.V. See "Section 1.3.2. Risks Related to Mexico".

We believe that the diverse geographic locations of GIMSA's production facilities in Mexico enable achievement of savings in raw material transportation and handling. In addition, by mainly sourcing corn locally for its plants, GIMSA is better able to communicate with local growers concerning the size and quality of the corn crop and is better able to maintain quality control.

Domestic corn prices in Mexico typically follow trends in the international market. During most periods, the price at which GIMSA purchases corn depends on the price of corn in the international market and the peso-dollar exchange rate. As a result, corn prices are sometimes unstable and volatile. Additionally, in the past, the Mexican government has supported the price of corn. For more information regarding the government's effect on corn prices, see "Section 1.3.2. Risk Related to Mexico—Our Business Operations Could Be Affected by Government Policies in Mexico" and "Section 2.2.5. Applicable Laws and Taxation."

In addition to corn, other important materials and resources used in the production of nixtamalized corn flour are packaging materials, water, lime, additives and energy. GIMSA believes that its sources of supply for these materials and resources are adequate, although these inputs' costs tend to be volatile.

*Distribution.* We have our own sales teams that are capable of servicing all sales channels, which allows us to know and serve our clients' needs. GIMSA's products are distributed mainly through independent transportation firms and, to a much lesser extent, using our own fleet, particularly for small tortilla producing customers. Most of GIMSA's sales are made ex-works at GIMSA's plants.

### 2.2.1.3. European Operations

#### **Overview**

We conduct our European operations principally through our division Gruma Europe, which manufactures tortillas, corn chips, several types of flatbreads and other related products through Mission Foods Europe. It also manufactures corn grits and nixtamalized corn flour, and other related products, through Azteca Milling Europe. In 2000, Gruma Europe opened its first European tortilla and corn chips plant in Coventry, England, marking our entry into the European market. Since then, our operations have expanded to Italy, The Netherlands, Russia, Turkey, Ukraine and Spain.

#### **Gruma Europe**

*Main Products.* Mission Foods Europe manufactures tortillas, flatbreads (such as naan, pita and chapatti), corn chips and other related products under the MISSIONDELI®, MISSION®, DELICADOS® and MEXIFOODS® brands and through private label. Azteca Milling Europe manufactures mainly corn grits and in a lesser extent, nixtamalized corn flour (under the MASECA® brand), as well as byproducts for the manufacture of animal feed. Additionally, Azteca Milling Europe also commercializes corn especially in Turkey.

*Sales and Marketing.* The products of Mission Foods Europe are mainly marketed in the retail (domestic and regional supermarket chains and small retailers) and in the food service channels (wholesalers, restaurants, cafeterias, hotels and fast food chains). Approximately 43% of Mission Foods Europe's sales volume is sold through the retail channel and 57% through the food service channel. Most of the sales volume of Azteca Milling Europe is sold in bulk to beer, snacks, corn chips and taco shell manufacturers.

*Competition and Market Position.* We believe Mission Foods Europe is an important manufacturer of tortillas and related products in Europe, our main competitors in the region are Grupo Paulig, General Mills and Aryzta, among others. We believe Azteca Milling Europe is an important producer of nixtamalized corn flour and corn grits in Europe, among our competitors in the region are DACSA, Codrico Rotterdam and Limagrain/Westhove, in addition to several regional mills.

*Operations and Capital Expenditures.* Annual total production capacity for Gruma Europe is estimated at 566 thousand metric tons as of December 31, 2023, with an average utilization of 75% in 2023. The average size of our plants as of December 31, 2023 was approximately 7,000 square meters (about 76,000 square feet).

Capital expenditures for the past three years were U.S.\$69 million and were primarily used for the automation of the packaging area in the tortilla plant in England, as well as capacity expansions in Spain. Gruma Europe's projected capital expenditures for 2024 are expected to be approximately U.S.\$22 million, mainly for manufacturing and technology upgrades.

Mission Foods Europe has 6 plants, two plants in England, two plants in Russia and two plants in Spain. Azteca Milling Europe has 3 plants, which are located in Italy, Ukraine, and Turkey. On December 4, 2019, the tortilla plant in Roermond, Netherlands, suffered a fire without injuring people. The entire production area was damaged, causing the plant to stop its operations. The production of this plant is being absorbed by the rest of Gruma Europe's plants.

*Seasonality.* We believe there is no seasonality in our products, however there is a slight sales volume increase during summer.

*Raw Materials.* Corn is the main raw material used in our operations of Azteca Milling Europe and is obtained mainly from local farmers. Azteca Milling Europe only purchases corn from farmers and grain elevators that commit to supply varieties of corn approved for human consumption. Azteca Milling Europe tests and monitors its corn purchases to reject purchases for corn not approved for human consumption. In addition, Azteca Milling Europe applies certain testing protocols to incoming raw materials to identify genetically modified organisms not approved for human consumption. Azteca Milling Europe does not anticipate any difficulties in securing adequate corn supplies in the future.

Corn and wheat flour are the main raw materials for the manufacture of Mission Foods Europe's products. Wheat flour is purchased mainly from local producers and nixtamalized corn flour is supplied mainly by our corn mill in Italy.

*Distribution.* The vast majority of nixtamalized corn flour and corn grits produced by Azteca Milling Europe is sold to beer, snacks, corn chips and taco shells manufacturers and is delivered directly from our plants to the customer. We also supply customers in several industries like cereals and polenta, among others.

Mission Foods Europe's customers are primarily serviced by a network of distributors and independent transportation firms, additionally part of our sales are delivered directly to customers at our plants.

#### *2.2.1.4. Central American Operations*

##### **Overview**

In 1972, we entered the Costa Rican market. Our operations since then have expanded into Guatemala, Honduras, El Salvador and Nicaragua, as well as Ecuador, which we include as part of our Central American operations.

##### **Gruma Centroamérica**

*Main Products.* Gruma Centroamérica produces nixtamalized corn flour, and to a lesser extent, tortillas and snacks. We also cultivate hearts of palm and process rice. We believe we are an important nixtamalized corn flour producer in the region. We sell nixtamalized corn flour under the MASECA®, TORTIMASA®, MASARICA®, JUANA® and MIMASA® brands. In Costa Rica, we manufacture corn and wheat tortillas under the TORTIRICAS®, DEL FOGON® and MISSION® brands, as well as tortilla chips, extruded snacks, potato chips and similar products under the TOSTY®, RUMBA®, BRAVOS®, PAPIOLA® and TRONADITAS® brands. Hearts of palm are produced in Costa Rica and Ecuador and are exported to numerous European countries as well as the United States, Canada, México, Argentina, and Chile, mainly.

*Sales and Marketing.* 86% of Gruma Centroamérica's sales volume in 2023 derived from the sale of nixtamalized corn flour Gruma Centroamérica nixtamalized. Corn flour bulk sales are oriented predominantly to wholesale customers, supermarkets, other traditional retailers, small tortilla manufacturers, industrial and agro-industrial clients through direct delivery and distributors. Wholesalers, supermarkets and other traditional retailers make up the customer base for retail nixtamalized corn flour. Bulk sales volume represented approximately 33% and retail sales represented approximately 67% of Gruma Centroamérica's nixtamalized corn flour sales volume during 2023.

*Competition and Market Position.* We believe that we are an important producer of nixtamalized corn flour in Central America. We believe that there is significant potential for growth in Central America as the majority of tortilla manufacturers use the Traditional Method. Corn flour was used in only approximately 21.4% of all tortilla production. We believe that we are an important producer of tortillas and snacks in Costa Rica.

Within the corn flour industry, the brands of our main competitors are: Del Comal, Doña Blanca, Selecta, Capitalina, Maturave, Oro Maya, Bachosa, Instamasa and Doña Arepa. However, our key growth opportunity is to continue creating value for clients with our MASECA® brand and to convert tortilla manufacturers that still use the Traditional method to our nixtamalized corn flour method.

*Operations and Capital Expenditures.* We had an annual installed production capacity of 289 thousand tons as of December 31, 2023, with an average utilization of approximately 86% during 2023. We operate one nixtamalized corn flour plant in Costa Rica, one in Honduras and one in Guatemala. In Costa Rica, we also have one plant producing tortillas, one plant producing snacks, one plant processing hearts of palm and one plant processing rice. In Guatemala we have a small plant that produces corn chips and in Ecuador we have a small facility which processes hearts of palm. On average, the size of our plants as of December 31, 2023 was approximately 7,662 square meters (approximately 82,474 square feet).

During 2021, 2022 and 2023, most of our capital expenditures were oriented towards technology upgrades and general maintenance. Total capital expenditures for the past three fiscal years were approximately U.S.\$20 million. Capital expenditures for 2024 are projected to be U.S.\$20 million, which will be used primarily for capacity expansion for corn flour and general manufacturing and technology upgrades.

*Seasonality.* Typically, nixtamalized corn flour sales volume is lower during the first quarter and fourth quarter as compared to the second and third quarter, mainly due to the fluctuation of corn prices in the local market of each country, and in the other categories, the sales volume is higher in the fourth quarter, mainly in Costa Rica, due to an increased consumption of dishes based on nixtamalized corn flour, of tortillas and snacks, due to Christmas and New Year season.

*Raw Materials.* Corn is the most important raw material needed in our operations, representing 44% of the cost of sales during 2023, and is obtained primarily from imports from the United States as well as from local growers. Price fluctuation and volatility are subject to international and local conditions, such as crop results.

*Distribution.* We have our own sales teams to that are capable of servicing our main sales channels, which allows us to know and serve our clients' needs. Gruma Centroamérica's products are marketed through a mix of our own fleet, independent transportation firms and distributors, depending on the corresponding sales format. In both the supermarket and food service channels, products are delivered to customers through independent transportation firms.

### 2.2.1.5. Asia and Oceania Operations

#### **Overview**

We conduct our operations in Asia and Oceania primarily through our Gruma A&O division, which produces tortillas, corn chips, pizza bases, various types of flatbreads and other related products. In 2006, Gruma A&O began operations with the purchase of two plants in Australia and its first tortilla and corn chip plant in China. In 2007 it acquired a plant in Malaysia specializing in the production of flatbreads (wraps, pizza bases, wheat tortilla, pita bread, naan, and chapati), to expand the product portfolio. In 2008 the Australian plants in Melbourne were consolidated into a single plant with modern and automatic equipment to better serve the market, and in 2016 a new plant was built in Malaysia to increase its production capacity and service the local and international market.

#### **Gruma Asia-Oceania**

*Main Products.* Gruma Asia-Oceania manufactures corn and wheat flour tortillas, wraps, pizza bases, flatbreads (such as naan, pita and chapati), corn chips and other related products under the MISSION® and ROSITAS® brands and through private labels.

*Sales and Marketing.* Gruma A&O's products are marketed primarily through retail channels (national and regional supermarket chains and small grocery stores) and the institutional channel (wholesalers, restaurants, cafeterias, hotels and fast food chains). Approximately 49% of Gruma A&O's sales volume is sold through the retail channel, and 51% through the institutional channel.

*Competition and Market Position.* We believe that Gruma A&O is a major producer of tortillas and related products in Asia and Oceania. Our main competitors in the region are General Mills, True Foods, Eagle Foods, San Diego, Tropicana, Mai Wang, Xi Shi, Kawan, Tyson, and Signature Brand.

*Operations and Capital Expenditures.* As of December 31, 2023, we had an installed production capacity of 125 thousand tons, with an average utilization rate of approximately 77% during 2023. The average size of our plants was approximately 16,000 square meters (approximately 172,000 square feet) as of December 31, 2023. Gruma A&O has three plants, one in Australia, one in Malaysia and one in China.

Capital expenditures for the last three years were U.S.\$52 million, mainly for capacity expansions and building adaptations in Malaysia and Australia. Gruma A&O's estimated capital expenditures for 2024 are expected to be approximately U.S.\$25 million, mainly for the termination of the construction of the tortilla and pizza bases plant in China (Foshan), for capacity expansion in the area, as well as capacity expansions of Chips and the construction of a warehouse in Australia.

*Seasonality.* We believe there is no seasonality in our products; however, there has been a slight increase in sales in the last four months of the year.

*Raw Materials.* At Gruma A&O, wheat flour and corn flour are the main raw materials used in the production of its products. Wheat flour is purchased primarily from local producers and nixtamalized corn flour from our own mills in the United States and Mexico.

*Distribution.* Gruma A&O serves its customers primarily through a network of distributors and independent transportation companies, additionally a portion of the sales are delivered to the customers directly at our plants.

### 2.2.1.6. Technology and Equipment Operations

We have developed our own technology operations since our founding. Since March 2014 our technology and equipment operations have been conducted principally through INTESA, TECNOMAÍZ, and CIASA. Prior to this date, our technology and equipment operation had been conducted mainly through INTASA. On March 21, 2014, INTASA was merged into Gruma, S.A.B. de C.V., and ceased to exist. See "Section 2.2.9. Organizational Structure."

The main purpose of INTESA is to provide research and development, equipment, and construction services to the food industry, specifically with respect to tortillas and other corn-based products. Through TECNOMAÍZ, we also engage in the design,

manufacture and commercialization of machines for the production of nixtamalized corn and wheat flour tortillas and tortilla chips, which are sold under the TORTEC® and RODOTEC® trademarks. Through CIASA, we also design and manufacture equipment for corn masa flour such as corn milling machinery, and provide engineering, design and construction services. We manufacture or purchase machines for the production of corn tortillas to be sold to tortilla manufacturers and to be used in *tortillerías* located inside supermarkets, as well as modern and high capacity machines for the production of corn and wheat flour tortillas.

We have carried out proprietary technological research and development for corn milling and tortilla production as well as all engineering, plant design and construction mainly through INTESA. We invested U.S.\$8 million, U.S.\$10 million and U.S.\$14 million on research and development in the years ended December 31, 2021, 2022 and 2023, respectively.

#### *2.2.1.7. Climate Change Effects*

Various scientists, environmentalists, international organizations, regulators and other commentators believe that global climate change has added, and will continue to add, to the unpredictability, frequency and severity of natural disasters (including, but not limited to droughts, hurricanes, tornadoes, freezes, other storms and fires) in certain parts of the world. In response to this belief, a number of legal and regulatory measures as well as social initiatives have been introduced in several countries in an effort to reduce greenhouse gas and other carbon dioxide emissions which some believe may be chief contributors to global climate change. We cannot predict the impact that changing climate conditions, if any, will have on our results of operations or our financial condition. Moreover, we cannot predict how legal, regulatory and social responses to concerns about global climate change will impact our business in the future. The natural disasters caused by the climate change may increase the volatility of the price of grains, which at the same time could have an impact in our results of operations and/or financial condition. See “Section 1.3.1. Risks Related to our Company - Fluctuations in the Cost and Availability of Corn and Wheat May Affect Our Financial Performance.”

#### *2.2.2. Distribution Channels*

GRUMA operates through different distribution channels according to the needs of its clients and each segment of its business. For more information regarding the distribution channels, see “Section 2.2. Business Overview.”

#### *2.2.3. Patents, Licenses, Trademarks and other Agreements*

##### *Patents*

We continuously engage in research and development activities that focus on, among other things: increasing the efficiency of our own nixtamalized corn flour, corn/wheat tortilla and corn chips production technology; maintaining high product quality; developing new and improved products and manufacturing equipment; improving the shelf life of certain corn and wheat products; improving and expanding our information technology system; engineering, plant design and construction and compliance with environmental regulations. We have 20 U.S. patents in force and effect, and 1 patent in process in the United States as of this date. No patents in force in the United States are due to expire in 2024. See “Section 2.2.1.7 Technology and Equipment Operations.”

##### *Licenses*

On January 31, 2020, we entered into an agreement with GIMSA in connection with the trademark MASECA®, through which GRUMA granted GIMSA a license to exclusively use the trademark MASECA® in Mexico for a term of 3 years. As consideration, GRUMA collected from GIMSA a royalty for the following three years equivalent to Ps.465 million per year. Therefore, on February 24, 2020, GIMSA paid GRUMA Ps.1,395 million. On December 30, 2022, a new license agreement was entered into by the parties, through which GRUMA granted GIMSA a license to exclusively use the trademark MASECA® in Mexico for a term of 3 years, commencing on January 1, 2023. As consideration, GRUMA will collect from GIMSA a monthly royalty for the duration of the term equivalent to 3% of GIMSA’s net sales. In turn, in order to support GIMSA in its efforts to promote the MASECA® trademark in Mexico, GRUMA will reimburse GIMSA all of the marketing expenses related to the trademark during the term of the agreement.

On January 1, 2014, we entered into an agreement with Azteca Milling, L.P. in connection with the trademarks MASECA®, AGROINSA®, TORTIMASA®, among others (the “Licensed Trademarks”), through which GRUMA granted Azteca Milling L.P. an exclusive continuing license to use the Licensed Trademarks worldwide, other than within Mexico, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Belize and Ecuador for an indefinite term. On December 1, 2017, the parties modified the agreement by amending the territory and the royalty and agreed that the same license would be used exclusively in the United States of America and its territories, and as consideration, Azteca Milling, L.P. would pay GRUMA a fixed net royalty for the following seven years, equivalent to U.S.\$108 million to GRUMA. Therefore, on December 19, 2017, Azteca Milling, L.P. paid U.S.\$108 million to GRUMA.

Further, on January 1, 2022, the parties agreed that in addition to the fixed net royalty, a monthly fee equal to 2.1% of the net sales of the products would be paid to GRUMA through November 30, 2024; and JUANA® and SELECTA® were added to the Licensed Trademarks.

In turn, in order to support Azteca Milling, L.P. in its efforts to promote the Licensed Trademarks, GRUMA will reimburse Azteca Milling for all marketing and publicity expenses related to such trademarks within the United States of America.

#### *Other Contracts*

In its ordinary course of business, GRUMA continuously enters into contracts of diverse natures, such as: raw material and input supply agreements, distribution agreements, marketing agreements, software license agreements, administrative service agreements, manufacturing agreements, equipment purchase and lease agreements, financing agreements, leases, among others. During the last three fiscal years, no material contract has been signed other than those executed in the ordinary course of business. See “Section 3.3. Relevant Credit Facilities Report”.

#### *2.2.4. Main Customers*

During 2023, Walmart, Inc. and its several subsidiaries (Sam’s Club, Walmart Mexico and Central America, Asda, etc.) was the only customer that represented more than 10% of our consolidated sales, approximately representing 13% of the consolidated sales of the Company.

#### *2.2.5. Applicable laws and taxation*

##### **Mexican Regulation**

###### *Corn Commercialization Program*

Mexico’s Ministry of Agriculture and Rural Development (“SADER”) (formerly the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (*Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación*, or SAGARPA)), supports and promotes a target income for growers via the Mexican Food Safety Department (*Seguridad Alimentaria Mexicana or SEGALMEX*) through their “Guaranteed Price Program” which intends to assist disadvantaged growers with a stimulus price for corn, beans, rice and bread wheat harvests. The Guaranteed Price Program has national coverage and is focused on eligible growers registered in PROAGRO’s and Wellness Census (*Censo del Bienestar*) registry.

There are two support schemes for growers:

- Small growers managed by SEGALMEX:
  - Growers with a surface area of less than 5 hectares that are registered in PROAGRO’s and Wellness Census’ registry are eligible for this program.
  - Guarantees a minimum price and grants freight stimulus.
  - This program is focused on meeting DICONSA’s needs for corn sales in its rural stores. If there is budget and surplus, they sell the product at market value.
  - The income from corn sales is directly deposited to the growers.
- Medium growers managed by SEGALMEX
  - Growers with a surface area greater than 5 hectares and up to 50 hectares that are registered in PROAGRO’s and Wellness Census’ registry are eligible for this program.
  - This program is intended to ensure an income through a risk management instrument (“RMI”). Such incentive is a stimulus for the purchase of hedges and seeks that the growers acquire a RMI and benefit from the price increase of grains in the futures market.



- The stimulus for the purchase of hedges is directly deposited to the grower.

In recent years, GIMSA has been purchasing corn through private contracts directly with suppliers outside of ASERCA's agricultural program (previously in force) and SEGALMEX. GIMSA will continue to use this purchasing system in the future since there is limited participation of large growers that conform the commercial agriculture in federal programs.

To the extent that this or other similar programs are introduced, modified or cancelled by the Mexican government, we may be required to incur additional costs in purchasing corn for our operations, which could result in an increase to our product prices to reflect these additional costs.

#### *Decrees to replace glyphosate use and genetically modified corn*

On December 31, 2020, the Mexican government published a decree by which several actions were required to be taken by agencies and entities within the Federal Public Administration in order to gradually replace the use, acquisition, distribution, promotion and importation of glyphosate and agrochemicals containing glyphosate as active ingredient, with sustainable alternatives considered as culturally adequate that allow maintaining production and result to be safe for human consumption, the biocultural diversity in the country and the environment. To that effect, a transition period to achieve the total replacement of glyphosate, which ended on January 31, 2024, was established.

The decree also ordered that biosecurity authorities, in accordance with the applicable regulations, based on glyphosate-free corn supply sufficiency criteria, will revoke and abstain from granting authorizations for the use of genetically modified corn in the Mexicans' diet, until such corn has been totally replaced on a date that may not be later than January 31, 2024, in accordance Mexican with self-sufficiency food policies.

Subsequently, on February 13, 2023, the Mexican government published a new decree by which the abovementioned decree of December 31, 2020, was abrogated. This new decree, among other points: (i) continues entrusting various agencies and entities of the Federal Public Administration with the development of an alternative to glyphosate; (ii) establishes a new transition period until March 31, 2024, to achieve the total substitution of glyphosate for another agrochemical safe for human health, the country's biocultural diversity and the environment, deadline for agencies and entities of the Federal Public Administration to revoke and refrain from granting new permits or authorizations for the importation, production, distribution and use of glyphosate; (iii) maintains the prohibition that came into force on January 1, 2021 with the 2020 decree on this subject matter, for agencies and entities of the Federal Public Administration to acquire, use, distribute, promote and import glyphosate or agrochemicals that contain it as an active ingredient in their programs, but now additionally including genetically modified corn in this prohibition; (iv) maintains the instruction to the agencies and entities of the Federal Public Administration to revoke and refrain from granting new permits for the release into the environment of genetically modified corn seeds, which came into effect on January 1, 2021, with the 2020 decree on this subject matter; (v) instructs the agencies and entities of the Federal Public Administration to revoke and refrain from granting new authorizations for the use of genetically modified corn for human consumption (defined as corn intended for human consumption through nixtamalization or flour production), effective as of the entry into force of this decree and, therefore, eliminating the transition period that expired on January 31, 2024, as contemplated in the 2020 decree on this subject matter; (vi) instructs the agencies and entities of the Federal Public Administration to carry out actions for the gradual substitution of genetically modified corn for animal feed and corn for industrial use for human consumption (defined as corn intended for human consumption, after industrialization, other than nixtamalization or flour production), based on supply sufficiency criteria, consistent with food self-sufficiency policies and in accordance with scientific principles, guidelines or relevant international recommendations, without setting a deadline to achieve it. The decree clarifies that, until such total substitution is achieved, COFEPRIS may grant authorizations for the use of genetically modified corn for use in animal feed and industrial use for human food referred to above, being the responsibility of whoever uses it in Mexico that it does not end up being used for nixtamalization or flour production; and (vii) instructs COFEPRIS to integrate a joint research protocol so that, under its coordination, the pertinent studies on the consumption of genetically modified corn and its possible damage to health are carried out. To this date, the amendments to the applicable regulations in connection with the subject matter of this decree, which are mandated by the decree, have not been published. On March 26, 2024, a joint statement between the Ministry of Economy and the Ministry of Agriculture and Rural Development, as well as COFEPRIS, was published on the Federal Government's websites, informing that, due to the unfulfillment of the conditions for the replacement of the use of glyphosate in Mexican agriculture, at the moment, the new decree would not be implemented, in the section that sets forth the prohibition for the use of glyphosate by the Government in its programs, and establishes a transition period for replacing its use, sale, distribution, and importation to the country by private entities by March 31, 2024.

In our opinion, this last decree of February 13, 2023, could result in an increase on the cost of corn used for nixtamalization and corn flour production in Mexico, as well as present challenges in the procurement of such corn. However, until the amendments to

the applicable regulations related to the subject matter of the decree are known, which are ordered by the decree, we cannot fully assess the impact this may have in our business, financial condition, results of operations, and projections

### *Environmental Regulations*

Our Mexican operations are subject to Mexican federal, state and municipal laws and regulations relating to the protection of the environment. The principal federal environmental laws are the *Ley General de Equilibrio Ecológico y Protección al Ambiente*, or General Law of Ecological Equilibrium and Protection of the Environment or Mexican Environmental Law, which is enforced by the *Secretaría de Medio Ambiente y Recursos Naturales*, or Ministry of the Environment and Natural Resources or SEMARNAT, the *Ley General de Cambio Climático* or Mexican Climate Change Law and the *Ley Federal de Derechos* or the Mexican Federal Law of Governmental Fees. Under the Mexican Environmental Law, each of our facilities engaged in the production of nixtamalized corn flour and tortillas is required to obtain an operating license from state environmental authorities upon initiating operations, and then periodically submit a certificate of operation to maintain the operating license. Furthermore, the Mexican Federal Law of Governmental Fees requires that Mexican manufacturing plants pay a fee for water consumption and the discharge of residual waste water to drainage, whenever the quality of such water exceeds mandated thresholds. Also, regulations have been issued concerning hazardous substances and water, air and noise pollution. In particular, Mexican environmental laws and regulations, including the Mexican Climate Change Law, require that Mexican companies file periodic reports with respect to air and water emissions and hazardous wastes. Additionally, they also establish standards for waste water discharge. We must also comply with zoning regulations as well and rules regarding health, working conditions and commercial matters. SEMARNAT and the Federal Bureau of Environmental Protection can bring administrative and criminal proceedings against companies that violate environmental laws, as well as close non-complying facilities.

We consider we are currently in compliance in all material respects with all applicable Mexican environmental regulations. The level of environmental regulation and enforcement in Mexico has increased in recent years. We expect this trend to continue and to be accelerated by international agreements between Mexico and the United States. To the extent that new environmental regulations are issued in Mexico, we may be required to incur additional remedial capital expenditures to comply. Management is not aware of any pending regulatory changes that would require additional remedial capital expenditures in a significant amount.

### *Antitrust Regulations*

The Mexican Antitrust Law (*Ley Federal de Competencia Económica*) and the related regulations regulate free markets, antitrust matters, monopolies and monopolistic practices, and require Mexican government approval for certain mergers and acquisitions. The Mexican Antitrust Law grants the government the authority to establish price controls for products and services of national interest through Presidential decree when there are no effective competition conditions in the corresponding market.

On May 23, 2014, a new Mexican Antitrust Law was published in the Mexican Official Gazette (*Diario Oficial de la Federación*) and became effective on July 7, 2014. This law was issued in order to implement the amendment to article 28 of the Mexican Constitution regarding antitrust matters, whereby the Mexican government was entitled to establish a new Mexican Federal Antitrust Commission (*Comisión Federal de Competencia Económica*, or COFECE), which will have all powers necessary to fulfill its purpose, regulate access to essential facilities, and order any divestiture of assets, rights, ownership interests or shares of economic firms, as necessary to eliminate any anti-competitive effects. Mergers and acquisitions and other transactions that may restrain trade or that may result in monopolistic or anti-competitive practices or combinations must be approved by the Federal Antitrust Commission.

The Mexican Antitrust Law may potentially limit our business operations, combinations, mergers, and acquisitions and may subject us to greater scrutiny in the future due to our market presence.

### *Anti-Money Laundering Regulations*

The Mexican Federal Law to Prevent and Identify Operations with Resources from Illegal Sources (*Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita*) was published in the Mexican Official Gazette on October 17, 2012 and became effective on July 17, 2013. The purpose of this law is to prevent and detect operations carried out with funds obtained from illicit activities and prohibiting payments using cash for certain types of activities above certain amounts. Under this law, persons carrying out activities that are deemed as “vulnerable” are required to identify their clients and counterparties in such activities, to keep a detailed file in connection therewith, and under certain circumstances to report those activities to the Mexican Authorities. Most of the activities are deemed as “vulnerable” only when they exceed certain thresholds set forth in the law or regulations, and reporting of such activities is generally subject to higher thresholds. Certain activities are considered “vulnerable” per se, regardless of the total amount of the transaction; examples of such regulated activities are: granting of loans, granting credit facilities and guarantees, leasing real estate properties and receive donations, among others.

Failure to comply with this law may result in monetary and criminal sanctions. We believe we are currently in compliance in all material respects with this law and we do not believe it will have a material adverse effect on our business operations.

### *Tax Regulations and Taxation*

According to the tax laws in force, the company is obliged to assess and pay several taxes, mainly the Income Tax (“ISR”) and the Value Added Tax (“IVA”). Likewise, it is obliged to withhold and pay taxes (ISR and/or IVA) with respect to salaries, fees, freights, leases and certain foreign payments.

ISR. The ISR is calculated at a rate of 30% on the tax income obtained from subtracting the authorized deductions and tax previous fiscal years’ tax loss carryforwards from the taxable income.

IVA. The main activities generated by the company’s entities are subject to IVA at a 0% rate. On a monthly basis, the company has to report payable or refundable IVA; which is calculated by deducting the IVA paid for the purchase of goods and services from the IVA generated as a result the sale of goods and services, given that the paid services and certain purchases are subject to a 16% rate. The balance is recovered monthly through a filing made before the Tax Administration Office of the Ministry of Finance and Public Credit.

### *Tax Reform*

On December 9, 2019, the decree by which several provisions of the Income Tax Law (*Ley del Impuesto sobre la Renta*), the Value Added Tax Law (*Ley del Impuesto al Valor Agregado*), the Special Tax on Production and Services Law (*Ley del Impuesto Especial sobre Producción y Servicios*) and the Federal Tax Code (*Código Fiscal de la Federación*) were amended, added and removed and was published in the Official Gazette of Mexico and entered into force on January 1, 2020. Among other issues, the limitation to deduct interests that exceed 30% of the taxpayer’s adjusted tax income, as well as the non-deduction of payments to related parties residing, abroad that are considered subject to the Preferential Tax Regimes (REFIPRES) or that they represent a hybrid mechanism, to the extent that certain conditions are not met, stand out. Regarding the transparency regime, new elements are incorporated, and some issues are limited in order to define if the income is obtained by a resident in Mexico or by a resident abroad with a permanent establishment in the country, through a foreign entity which are subject to preferential tax regimes. Finally, it became necessary to justify the business rationale of the legal acts that generate a direct or indirect benefit for the taxpayer. We have determined that the impact of these reforms in the company is low and does not represent a major risk for our business.

Regarding the creation of formal obligations, the obligation to disclose reportable schemes is established in the Federal Tax Code. The company will continue to comply with this obligation, as it has done so far, to the extent that it is in the legal or de facto situation contemplated in the abovementioned provision.

For 2021 fiscal year purposes, on December 8, 2020, a decree reforming, adding and deleting various provisions of the Income Tax Law (*Ley del Impuesto sobre la Renta*), the Value Added Tax Law (*Ley del Impuesto al Valor Agregado*) and the Federal Tax Code (*Código Fiscal de la Federación*) was published in the Official Gazette of Mexico. In general terms, the reformed provisions aimed to strengthen taxation authorities’ power of inspection, improving tax collection arising from the use of digital platforms, as well as avoiding elusive practices through the use of non-profit entities. The Company is currently evaluating the impact these reforms may have in its operations.

Also, for the year 2021, a labor reform that prohibits personnel outsourcing schemes came into force and was published in the Official Gazette of Mexico on April 23, 2021. This reform provided for a series of revisions to several tax laws such as the Income Tax Law and the Value Added Tax Law, in addition to the Social Security Law (*Ley del Seguro Social*), among others, which entered into force on August 1, 2021, in order to adapt the rules for deducting expenses, VAT accreditation, withholding of indirect taxes and the determination of the Employee Profit Sharing.

Failure to comply with the provisions of this personnel outsourcing regime, could lead to fines and loss of certain tax rights, such as the right to deduct paid considerations or to credit the value added tax related to such considerations. Furthermore, it is also provided that the recipient of specialized services will be jointly and severally liable with the employer providing the services, in the event such employer fails to comply with its corresponding labor, tax and social security obligations.

The reform contemplated a three-month transition period for some of the key obligations contemplated therein, during which time, the company worked to adapt its Human Resources structures to the new regulations. The Company conducted an analysis of the application of these new provisions and estimated that they did not have a material impact on the financial statements.

On November 12, 2021, a new set of tax reforms were published in the Official Gazette of Mexico, which entered into force as of January 1, 2022. Although no new taxes were created, nor were rates increased from existing ones, measures were incorporated to increase the taxable base of the Income Tax of taxpayers and to limit the Value Added Tax accreditations. Regarding the Federal Tax Code (*Código Fiscal de la Federación*), the obligation for certain taxpayers to tax audited is re-established, an issue that in the past was optional, and the base of subjects obliged to submit the report on their tax situation was expanded. The company concluded that these reforms do not impact our financial statements in a significant manner.

During the last two financial years (2023 and 2024), the Federal Executive Branch did not make any changes to the tax legislation in order to provide legal certainty in the tax field, thereby avoiding additional burden on taxpayers; as a result, the Group has not been affected in its operations.

#### *Energy Regulations*

The Electric Industry Law (*Ley de la Industria Eléctrica*) was published in the Mexican Official Gazette on August 11, 2014, and became effective on August 12, 2014. The purpose of this law was to regulate energy generation, transmission, distribution and power marketing activities.

On March 9, 2021, a decree amending and adding various provisions to the Electric Industry Law was published. In general terms, this reform grants to the basic supply branch of the Federal Electricity Commission (*Comisión Federal de Electricidad*) the exclusive ability to choose its electric power suppliers without any obligation to prefer those selling energy at lower cost, which implies a change to the former most-economical dispatch criteria that was more favorable to clean energy projects.

In one of its transitory provisions, this reform mandates the possible cancelation of permits allowing the production of energy for self-supply purpose (*autoabasto*). This reform has been subject to various disputes by some participants in the electrical power industry and other private persons, including some suppliers of the Company.

On January 31, 2024, the Mexican Supreme Court of Justice declared the unconstitutionality of various provisions of the reform of the Electric Industry Law, rendering it without effect for the benefit of all participants in the energy sector.

Notwithstanding that up until this date there has been no impact on the Company's electric energy supply, the Company has entered into electricity supply contracts with various providers, migrating most of its plants from the self-supply scheme to that of electric supply from the wholesale electricity market. Therefore, we believe that, even if the Authority revokes the permits of any of our suppliers that allow the Company to consume electricity on a self-supply mode, this would not have a material adverse effect in our business.

#### *Food Matters Regulations*

On April 17, 2024, the decree issuing the General Law on Adequate and Sustainable Foods (*Ley General de la Alimentación Adecuada y Sostenible* or "LGAAS") was published in the Official Gazette of Mexico, becoming effective the following day. This law aims to establish principles and foundations to guarantee the right to adequate food, promote sustainable food environments, and support the production and consumption of nutritious and innocuous foods. Likewise, it creates the National Intersectoral System for Health, Food, Environment, and Competitiveness (*Sistema Intersectorial Nacional de Salud, Alimentación, Medio Ambiente y Competitividad* or "SINSAMAC") to promote policies that guarantee the right to food.

The LGAAS establishes, among other things, that the right to food comprises the availability, physical access, and economic access to food, so that individuals are able to feed themselves adequately; therefore, the State's authorities must ensure the accessibility of food, from production to distribution, as well as the balance between people's income and the cost of food, having the State's authorities the need to develop specific programs and concrete actions to guarantee such right.

Furthermore, the LGAAS sets forth certain provisions regarding the labeling of pre-packaged foods, requiring consumer information, among other things, when products contain ingredients directly derived from the use of genetically modified organisms. The LGAAS does not describe the form, specifications, or parameters to comply with this obligation.

The LGAAS, within its transitory articles, stipulates a period of 180 days following its entry into force for the issuance of a regulation for said law, which shall specify the scopes indicated by it.

In this regard, we are evaluating the potential impact that the LGAAS may have on our operations, which cannot be fully assessed until we know the scope of the regulation of the LGAAS, as well as the result of the harmonization process of the various legal frameworks related to the subject matter of the LGAAS.

#### *U.S. Federal and State Regulations*

Gruma USA is subject to regulation by various federal, state and local agencies, including the “*Food and Drug Administration*”, the “*Department of Labor*”, the “*Occupational Safety and Health Administration*”, the “*Federal Trade Commission*”, the “*Department of Transportation*”, the “*Environmental Protection Agency*” and the “*Department of Agriculture*”. We believe that we are in compliance in all material respects with all environmental and other legal requirements. Our food manufacturing and storage facilities are subject to periodic inspection by various federal, state and local agencies, and the equipment utilized in these facilities must generally be governmentally approved prior to operation.

#### *U.S. Tax Reform*

On December 2017, a tax reform was enacted, and became effective on January 1, 2018. The main changes introduced by this reform were the following: (i) a reduction in the corporate Income Tax rate from 35% to 21%; (ii) the elimination of the Alternative Minimum Tax or AMT; (iii) as of 2018, generated tax losses may be carried over for any future year up to 80% of the taxable income; (iv) new anti-base erosion rules Base Erosion Avoidance Tax (BEAT) are introduced in order to regulate and discourage payments to related parties outside of the U.S. that erode the basis; (v) a limitation to the payment of interests of 30% of a metric similar to EBITDA, is introduced; (vi) the mandatory repatriation of retained earnings in U.S. subsidiaries over 8 years, in general terms, with a 15.5% tax rate over cash and equivalents and 8% over the rest of the assets; (vii) a 100% exemption for dividends received by U.S. companies from abroad.

#### *European Regulation*

Our European subsidiaries are subject to regulation in each country where they operate. We believe that we are currently in compliance with all applicable legal requirements in all material respects.

#### *Spain Tax Reform*

Before the end of the 2020 financial year, the 2021 Budget Law was published in the Spanish Official Gazette, containing a series of amendments to the Corporate Tax provisions. Noteworthy is the reform of the Foreign Securities Holding Entities (ETVE) regime, which, as of January 1, 2021, indirectly taxes 5% of dividends and capital gains received by taxpayers subject such the regime. Previously, this type of income was exempt in its entirety.

In addition, the "Law 11/2021 of July 9 on Measures to Prevent and Combat Tax Fraud" was published in the Spanish Official Gazette, which has already entered into force. Basically, as its name indicates, the new Law pursues two purposes (i) the transposition of the outstanding points of the European Union Directive aimed at preventing tax avoidance practices of taxpayers; and (ii) introduce regulatory changes aimed at facilitating the action of the authority in its fight against fraud.

So far, the impact on our operations has been practically irrelevant and we do not foresee this changing in the upcoming years.

In relation to the 2022 financial year, the Budget Law introduced a minimum tax, equivalent to 15% of the taxable base of the Corporation Tax without the right to use tax credits, except those from abroad, to companies that generated revenue exceeding 20 million euros; however, no significant impact was caused to the Group’s companies based in Spain.

#### *Central American Regulation*

Gruma Centroamérica is subject to regulation in each country in which it operates. We believe that Gruma Centroamérica is currently in compliance with all applicable legal requirements in all material respects.

#### *Asia and Oceania Regulation*

GRUMA Asia – Oceania is subject to regulation in each country in which it operates a. We believe that we are currently in compliance with all applicable legal requirements in all material respects.

## *OECD and the BEPS 2.0 project*

In October 2021, the OECD issued a statement indicating that 137 countries and jurisdictions, which make up the Inclusive Framework on BEPS, agreed on a two-pillar solution to address the fiscal challenges arising from digitization and the globalization of the economy and defining a timetable for its implementation.

Pillar One seeks to ensure a fairer distribution of tax benefits and rights among countries with respect to larger multinational companies, including digital ones, by reallocating some tax rights over Multinational Companies (MNCs), transferring them from their home countries to the market countries in which they carry out their business activities and make profits, regardless of whether or not they have a physical presence in them.

Pillar Two aims to establish a minimum corporate income tax base, which countries can use to protect their tax base. This is in order to ensure that the overall profits of multinational corporations are taxed at least 15% between one or more countries.

On December 20, 2021, the OECD released the GloBE model rules (Model Rules) for the implementation of Pillar 2. It was expected that such rules were to be incorporated into the domestic legislation of most of the countries that form part of the inclusive framework during 2022, however, this was not the case, as it was not until 2023 when some countries began their implementation. As for Mexico, the country has yet to initiate the legislative process to incorporate the Pillar Two rules into the tax legislation, and no statement has been made regarding a tentative adoption date, nonetheless, it is expected to occur during 2024.

On December 22, 2022, the European Union Parliament published in the official journal the directive containing the guidelines for the transposition of the global minimum tax, in order for the member countries to adopt it. As for Spain, where a subsidiary of the Group which accommodates a significant number of entities operating across various jurisdictions is located, Pillar Two is undergoing the legislative process to be implemented, as of the date of preparation of this report.

It is important to mention that, according to the rules of Pillar Two, when the Holding company is located in a jurisdiction that has not adopted the rules in its local legislation, the responsibility for calculating the global minimum tax will fall on the subsequent subholding with respect to each of the entities it holds, provided that it is located in a country that has implemented the Rules of Pillar Two.

It is worth noting that, the Company's Administration is currently undergoing the analysis process of these rules, however, it is anticipated that impact upon the Group will not be material.

### *Multilateral Instrument (MLI)*

On October 12, 2022 the Mexican Senate ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, developed by the OECD. It was subsequently published in the Official Gazette of Mexico on November 22, 2022.

In order for the MLI to be fully binding for Mexico, it had to be deposited with the OECD, event that occurred on March 15, 2023, so it became effective on the first day of the month following the expiration of a period of three calendar months from the date of deposit of the instrument.

This multilateral international treaty included new international rules that consequently coexist and/or modify the existing bilateral international treaties between the signatory countries. At the same time, new measures related to hybrid instruments, avoidance of treaty abuse, avoidance of permanent establishment status, and improvement of dispute resolution, as well as new measures on tax arbitration, were implemented.

The Company is in a constant process of evaluating the effects that this multilateral convention may have on its operations, however, according to these assessments, the Group has not been impacted by its entry into force.

### *2.2.6. Human Resources*

As of December 31, 2023, we had a total of 24,135 employees, including 15,619 unionized and 8,516 non-unionized full- and part-time employees. Of this total, we employed 10,397 persons in Mexico, 8,886 in the United States, 2,100 in Central America and Ecuador, 1,026 in Asia and Oceania, and 1,726 in Europe. Total employees for 2021 and 2022 were 22,492 and 23,506, respectively. Of our total employees as of December 31, 2023, approximately 35% were white-collar and 65% were blue collar.

In Mexico, workers at each of our plants are covered by a separate contract, under which salary revisions take place once each year. Non-salary provisions of these contracts are revised bi-annually. We renewed agreements with 27 collective bargaining agreements with 7 unions (CROC, CROM, CTM, FNSI, Petroquímica, FASIM and CONASIM) that represent our workers during 2023.

In the United States, we have 5 collective bargaining agreements that represent a total of 1,007 workers at five separate facilities (Mountain Top, Pueblo, Tempe, Henderson and Madera). We renewed such agreements on March 28, 2021, March 27, 2022, March 28, 2023, June 4, 2023 and June 28, 2020, respectively.

In England, we have one collective bargaining agreement covering 10 employees in the Seaham facility, which is renewed every 24-36 months.

In Italy, we are covered by a national labor agreement for industrial food staff. This agreement is reviewed every 36 months nationally.

In Spain, we have two collective labor agreement covering all of the plants located in Fuenlabrada and Borox. These agreements are reviewed every 24-36 months.

In Australia, we have a collective bargaining agreement covering 281 employees at our facility, which is renewed every four years.

In China, we have a collective bargaining agreement covering 360 employees at our facility, which is renewed every 3 years.

We consider our current, individual and collective labor relations are sound.

### *2.2.7. Environmental performance*

GRUMA has environmental policies in place related to the mitigation and prevention of environmental pollution in all its plants, and with programs for the protection of the environment. Through our subsidiaries, INTESA and CIASA, our environmental system has carried our investigations and developed technologies aimed at maintaining our plants within the discharge parameters allowed under the norms and laws of Mexico, U.S., Central America, Europe, Asia and Oceania. Likewise, we seek to minimize the risks associated with environmental impact through (i) the change to equipment that reduces water consumption, (ii) the implementation of procedures that identify environmental aspects in the discharge of treated water, pollution impacts on soil and groundwater, (iii) investment in research into efficient technologies, focusing on reducing wastewater discharges and direct CO<sub>2</sub> emissions, and (iv) biodiversity conservation programs. We do not believe our activities pose a significant environmental risk. See “Section 2.2.1.8. Climate Change Effects.”

Additionally, GRUMA has the ISO 14001 environmental acknowledgment for 6 plants of GIMSA in Mexico. Additionally, GIMSA has the OSHA 18,000 security acknowledgement in 1 plant.

### *2.2.8 Market Information*

We believe we are one of the main producers of nixtamalized corn flour and tortillas in the United States, and one of the main producers of nixtamalized corn flour in Mexico. We believe that we are important producers of nixtamalized corn flour and tortillas in Central America, one of the largest producers of tortilla and other flatbreads, including pita, naan, chapati, pizza bases and piadina in Europe, Asia and Oceania of corn grits in Europe and the Middle East. See “Section 2.2. Business Overview”.

Our focus has been and continues to be the efficient and profitable expansion of our core business— nixtamalized corn flour and tortilla. We pioneered the nixtamalized corn flour method of tortilla production, which offers significant opportunities for growth. Using our know-how, we will seek to encourage tortilla and other corn-based products manufacturers in the United States, Mexico, Central America, and elsewhere to use nixtamalized corn flour in the production of tortillas and other corn-based products.

The following table sets forth our consolidated revenues by geographic market for the years ended December 31, 2023, 2022, and 2021.

	Year ended December 31,					
	2023		2022		2021	
	(in millions of US dollars)					
United States.....	U.S.\$	3,638	U.S.\$	3,190	U.S.\$	2,593
Mexico.....		1,881		1,422		1,193
Europe.....		435		420		334
Central America.....		365		323		264
Asia and Oceania.....		257		242		240
Total.....	U.S.\$	6,576	U.S.\$	5,597	U.S.\$	4,624

## 2.2.9. Organizational Structure

We are a holding company without significant assets except for the shares of our subsidiaries. Currently we are whole or majority owners of the following subsidiaries deemed as significant for the company, same which, individually, represent more than the 10% of the total assets of GRUMA or more than the 10% of the total consolidated income.

Significant Subsidiaries:	Ownership Percentage
Gruma Corporation	100%
Azteca Milling, L.P.	100%
Molinos Azteca, S.A. de C.V.	100%

We conduct our operations through subsidiaries. The table below sets forth our most important subsidiaries as of December 31, 2023.

Name of Company	Principal Markets	Jurisdiction of Incorporation	Percentage Owned(1)	Products/ Services
<b>Mexican Operations</b>				
GIMSA .....	Mexico	Mexico	100%	Nixtamalized corn flour, Other
<b>U.S. Operations</b>				
Gruma Corporation .....	United States	Nevada	100%	Tortillas, Tortilla Related Products, Other
Azteca Milling. ....	United States	Texas	100%	Nixtamalized corn flour
<b>European Operations</b>				
Mission Foods Iberia, SAU, NDF Azteca Milling Europe SRL, Zao Solntse Mexico LLC, Mex-Foods Siberia LLC, Mission Foods Stupino LLC, Semolina Misir Irmigi Gida Sanayi Ve Ticaret AS, Altera Azteca Milling Ukraine LLC, Mission Foods UK Ltd. (“Gruma Europe”) .....	Europe	Spain, Italy, Russia, Turkey, Ukraine, UK	100%	Tortillas, Tortilla Related Products, Flatbreads, Corn Grits, Nixtamalized corn Flour, Other
<b>Central American Operations</b>				
Derivados de Maíz Alimenticio, S.A., Industrializadora y Comercializadora de Palmito, S.A., Derivados de Maíz de Guatemala, S.A., and Derivados de Maíz de	Costa Rica, Honduras, Guatemala, Ecuador	Costa Rica, Honduras, Guatemala, Ecuador	100%	Nixtamalized corn flour, Tortillas, Snacks, Hearts of palm and Rice



Honduras, S.A. de C.V. (“Gruma  
Centroamérica”).....

**Asia and Oceania Operations**

Mission Foods (Shanghai) Co. Ltd., Gruma Oceania Pty. Ltd., y Mission Foods (Malaysia) Sdn. Bhd. (“Gruma Asia-Oceania”).....	Asia and Oceania	China, Malaysia and Australia	100%	Tortillas, Tortilla Related Products, Other
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**Other Subsidiaries**

Mission Foods México, S. de R.L. de C.V. (“Mission Foods Mexico”) .....	Mexico	Mexico	100%	Tortillas and Other related products
Investigación Técnica Avanzada, S.A. de C.V. (“INTESA”).....	Mexico	Mexico	100%	Construction, Technology and Equipment operations

(1) Percentage of equity capital with voting rights owned by us directly or indirectly through subsidiaries.

Our consolidated subsidiaries accounted for the following percentages and amount of our net sales in millions of dollars for the years ended December 31, 2023, 2022 and 2021.

	Year ended December 31,					
	2023		2022		2021	
	In millions of US dollars	% of Net Sales	In millions of US dollars	% of Net Sales	In millions of US dollars	% of Net Sales
Gruma USA.....	U.S.\$ 3,646	55%	U.S.\$3,197	57%	U.S.\$2,597	57%
GIMSA.....	1,924	29	1,472	26	1,225	26
Gruma Europe .....	435	7	421	8	335	7
Gruma Centroamérica .....	365	6	323	6	264	6
Gruma Asia-Oceania.....	257	4	242	4	240	5
Others and eliminations.....	(51)	(1)	(58)	(1)	(37)	(1)
Total .....	U.S.\$6,576	100	U.S.\$5,597	100	U.S.\$4,624	100

*2.2.10. Description of Principal Assets*

Our most important fixed assets are the plants of our main subsidiaries, a description of which can be found in “Section 2.2. Business Overview.”

All physical assets owned by the company, or under the company’s control and safekeeping, as well as the profit loss caused by the occurrence of incidents, are widely covered for most of the risks insurable in the insurance and reinsurance international markets. As of December 31, 2023, none of the assets of the company or its subsidiaries have been pledged for the purpose of obtaining loans.

*2.2.11. Legal, Administrative or Arbitration Proceedings*

In the ordinary course of our business, we have been involved in various disputes and litigation, none of which has nor we expect them to have a material adverse effect for the Company.

## Discontinued Operations-Venezuela

### *Disposal Of Investment In Venezuela And Arbitral Award Status*

#### Background

On May 12, 2010, the Bolivarian Republic of Venezuela (the “Republic” or “Venezuela’s Government”) published the Decree number 7.394 in the Official Gazette of Venezuela (the “Expropriation Decree”), ordering the forced acquisition of all assets, property and real estate of the Company’s former indirect subsidiary in Venezuela, Molinos Nacionales, C.A. (“MONACA”), through an expropriation proceeding to be initiated and processed with the participation of several governmental agencies of the Republic. Venezuela’s Government stated that the Expropriation Decree was also extended to the Company’s former indirect subsidiary, Derivados de Maíz Seleccionado, DEMASECA, C.A. (“DEMASECA”). The Republic took initial steps to carry out an administrative expropriation procedure in accordance with the Expropriation Decree, but then suspended said procedure indefinitely, therefore the expropriation was not carried out during the time the Company held its investment in said country.

GRUMA’s interests in MONACA and DEMASECA were held through two Spanish companies, Valores Mundiales, S.L. (“Valores Mundiales”), and Consorcio Andino, S.L. (“Consorcio Andino”) (jointly referred to as the “Investors” or the “Claimants”). The Republic and the Kingdom of Spain are parties to an agreement on reciprocal promotion and protection of investments, dated November 2, 1995 (the “Investment Treaty”), under which the Investors have the right to settle investment disputes by means of arbitration before the International Centre for Settlement of Investment Disputes (“ICSID”). On November 9, 2011, the Investors, MONACA and DEMASECA formally notified the Republic about a dispute regarding the aforementioned expropriation procedure and their agreement to submit said dispute to an arbitration proceeding before the ICSID, if the parties were unable to reach an agreement.

On January 22, 2013, as part of a criminal proceeding unrelated to MONACA and DEMASECA against a third party where precautionary measures were issued for the securing of the assets of said third party which, in an overreached way, included MONACA and DEMASECA, the Republic published the Administrative Providence number 004-13 dated January 21 of the same year (the “Providence”) appointing special administrators for MONACA and DEMASECA, and granting them the broadest authorities to execute actions for the continuity and non-interruption of the operation of the companies and the broadest administrative authorities to guarantee the safekeeping, custody, use and conservation of the companies’ assets.

Consequently, in accordance with the provisions set forth in the IFRS, the Company determined that as of January 22, 2013, it had lost the power to affect the variable returns of its subsidiaries in Venezuela and concluded that the appointment of special administrators with broad authorities under the Providence had the effect of taking away its control over MONACA and DEMASECA, and as a result, the Company proceeded to deconsolidate both subsidiaries and recognize its investment in Venezuela as a financial asset. Following the provisions set forth in the IFRS, GRUMA performed impairment tests on the financial asset related to MONACA and DEMASECA, and as of December 31, 2015, acknowledged an impairment of U.S.\$253.5 million (Ps. 4,362 million) corresponding to the total value of said asset.

On May 10, 2013, Valores Mundiales and Consorcio Andino submitted a Request for Arbitration before the ICSID, which was registered on June 11, 2013 under case No. ARB/13/11. The purpose of the arbitration was to seek compensation for the damages caused by Venezuela’s breach of the Investment Treaty.

On July 25, 2017, the tribunal ruled the arbitration in favor of Valores Mundiales and Consorcio Andino, by dismissing the jurisdictional objections raised by the Republic and concluding that certain measures adopted by Venezuela’s Government had breached provisions of the Investment Treaty (the “Award”). According to the Award issued by the arbitration tribunal, the Republic must pay U.S.\$430.4 million to Valores Mundiales and Consorcio Andino as damages and losses resulting from its breach of certain provisions of the Investment Treaty, plus a compound interest rate of Libor +2% as of January 22, 2013, and until the Award’s effective payment date. As further detailed in the “Arbitral Award Status” section, as of December 31, 2023, the awarded amount plus interests ascends to more than U.S.\$630 million. The arbitration tribunal also ordered the Republic to pay U.S.\$5.9 million for legal expenses incurred by the Claimants during the arbitration. Both amounts were not recorded since they are considered a contingent asset under IAS 37.

On November 22, 2017, the Republic filed before the ICSID a request for annulment of the Award issued by the arbitration tribunal and the stay of enforcement of the same while said action was pending resolution. On December 7, 2017, the ICSID registered the Republic’s annulment request and provisionally suspended the enforcement of the Award. The Committee that decided on the Award’s annulment proceedings was finally constituted on May 23, 2018 (“Annulment Committee”).

On June 4, 2018, the Republic formally requested that the Annulment Committee kept the enforcement of the Award suspended during the course of the annulment proceeding. After considering the arguments presented by the parties, on September 6, 2018, the

Annulment Committee ordered the lifting of the provisional suspension of the enforcement of the Award, which allowed the Investors to begin legal actions for the recognition and enforcement of the Award in different jurisdictions.

On December 21, 2021, the Annulment Committee notified the parties of its resolution in the Award's annulment proceeding initiated by the Republic, which was favorable to the Investors, resolving (i) to reject in full the request for annulment of the Award raised by the Republic, (ii) to condemn the Republic to pay the Investors U.S.\$2.3 million for costs, and (iii) to order the Republic to pay the ICSID U.S.\$0.7 million for costs of the annulment proceedings. The Republic has no legal recourse against this resolution of the Annulment Committee; therefore, the Award has become final.

#### Disposal of Investment in Venezuela

The previously described legal matters, along with the ongoing deterioration of the Company's investment in Venezuela caused by the economic and social situation in the country, prompted the Company to reassess the suitability of maintaining said investment; therefore, on August 7, 2023, the Company disposed of it by executing a stock purchase agreement between a third party and its subsidiaries Valores Mundiales and Consorcio Andino, whereby all shares of the capital stock of MONACA and DEMASECA were sold for U.S.\$22 million and U.S.\$3 million, respectively. The valuation conducted for the price of this transaction took into account certain characteristics thereof; primarily, that the buyer acquired the shares with full knowledge of the legal matters mentioned above, and the recognition and assumption of MONACA and DEMASECA's assets and liabilities, including, but not limited to, those of commercial, tax and labor nature, in the condition they were in, commonly referred to "*as is*", without representations nor warranties by the sellers. In view of the above, the Company no longer holds an investment in Venezuela, and consequently, has no assets subject to the Expropriation Decree.

#### Arbitration Award Status

Regarding the Award, since the aforementioned sale of all the shares of MONACA and DEMASECA does not affect its ownership, it remains property of the Investors, who would receive any benefits resulting from it.

On January 8, 2019, the Investors filed a complaint before the Federal District Court in Washington, D.C., requesting the recognition of the Award. The claim for recognition of the Award was notified to the Republic by consular means on July 26, 2019, granting a period to answer until September 24, 2019, without Venezuela responding. Consequently, on October 21, 2019, the Investors requested the Judge to issue a judgment recognizing the Award considering the Republic's failure to respond. On March 3, 2020, representatives of the Republic appeared in the proceedings, answered the lawsuit and presented their objections to the passing of a judgment in absentia. On March 16, 2020, the Investors asked the Tribunal to issue a summary judgment against Venezuela, to which Venezuela later objected and argued in favor of a judgment against the recognition of the Award. On November 17, 2020, the Judge ordered the suspension of the Award's recognition proceeding until the Award's annulment proceeding initiated by the Republic was resolved. Since the procedure for such annulment of the Award was resolved in December 2021, the Judge resumed the procedure for the recognition of the Award in January 2022. On August 3, 2022, the judge to whom the case was delegated recommended the District Judge to deny Venezuela's request for a summary judgment and to grant the Investors' request for a summary judgment. Venezuela objected this recommendation later that month. In September 2022, the Court notified the parties that the Judge in charge of the case was promoted to the Court of Appeals. The case was reassigned to another judge in February 2023, and on May 22, the Court issued a judgment recognizing the Award in favor of the Investors for an amount of U.S.\$618.6 million, corresponding to the total damages, attorney's fees and costs awarded to the Investors in the arbitration proceedings, plus interests at the rate set forth in the Award (the "Judgement"). The Judgement included post-award interests over such amount at the federal statutory rate. As of December 31, 2023, the amount of the Judgement plus interests amounts to U.S.\$637.2 million.

On June 20, 2023, Venezuela appealed the Judgement, and on December 8, 2023, after exhausting that procedural instance, the United States Court of Appeals for the District Court of Columbia Circuit confirmed the Judgement. Venezuela did not file a writ of "*certiorari*" before the Supreme Court of the United States within the term it had to do so; therefore, the Judgement has become final.

On June 7, 2023, the Investors registered the Judgement in the Federal District Court in Delaware. On June 29, 2023, the Investors filed a motion with this Court to obtain a writ of attachment against the shares of a subsidiary incorporated in Delaware, 100% owned by the national oil company and alter ego of the Republic, Petróleos de Venezuela, S.A. ("PDVSA"). The Court granted the Investors the motion on November 1, 2023, thereby making them part of a group of judicially recognized creditors of Venezuela and PDVSA who have obtained liens against the shares of PDVSA's subsidiary in Delaware and are participating in a judicially supervised process to auction off said shares for the total or partial satisfaction of their judgements. On December 1, 2023, the Republic filed an appeal of the Court's decision subject to certain conditions. Given that those conditions were not met, the Republic voluntarily withdrew its appeal on March 1, 2024; therefore, on March 5, 2024, the U.S. Court of Appeals for the Third Circuit dismissed the Republic's appeal.

It is not possible to predict the results of the proceedings for the recognition and enforcement of the Award that the Investors commenced in the United States, or that they may commence in other jurisdictions, nor the ramifications that costly and prolonged legal disputes could have on the operations or the financial position of the Company, or the likelihood of collecting the Award. Therefore, the impact of the Award in the Company cannot be reasonably assessed at this time.

The Investors, jointly with their legal counsel, will adopt the appropriate measures to preserve and defend their legal and economic interests. See Note 27 of our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended in said dates.

### *2.2.12. Shares evidencing the capital stock*

The capital stock as of December 31, 2018 is represented by 432,749,079 issued ordinary, registered, Series B, Class I no par value shares, out of which 423,430,920 shares were outstanding and fully subscribed and paid for and 9,318,159 shares were kept in treasury, representing the fixed portion of the capital stock. During 2018, the company has not made any modification to its capital stock.

In the Extraordinary General Shareholders Meeting of GRUMA held on April 26, 2019, 11,791,586 ordinary, registered, Series B, Class I no par value shares, which had been repurchased by the Company, were cancelled. Consequently, the capital stock on April 26, 2019 was represented by 420,957,493 ordinary, registered, Series “B”, Class I, no par value shares, out of which 419,564,294 shares were outstanding and fully subscribed and paid for and 1,393,199 shares were kept in treasury.

The capital stock as of December 31, 2019 is represented by 420,957,493 issued ordinary, registered, Series B, Class I no par value shares, out of which 413,143,708 shares were outstanding and fully subscribed and paid for and 7,813,785 shares were kept in treasury.

In the Extraordinary General Shareholders Meeting of GRUMA held on April 24, 2020, 15,466,437 ordinary, registered, Series B, Class I, no par value shares, which had been repurchased by the Company, were cancelled. Consequently, the capital stock on April 24, 2020, was represented by 405,491,056 ordinary, registered, Series B, Class I no par value shares, out of which 402,039,639 shares were outstanding and fully subscribed and paid for and 3,451,417 shares were kept in treasury.

The capital stock as of December 31, 2020 is represented by 405,491,056 issued, ordinary, registered, Series B, Class I no par value shares, out of which 397,297,269 shares were outstanding and fully subscribed and paid for and 8,193,787 shares were kept in treasury.

In the Extraordinary General Shareholders Meeting of GRUMA held on April 23, 2021, 11,285,140 ordinary, registered, Series B, Class I, no par value shares, which had been repurchased by the Company, were cancelled. Consequently, the capital stock on April 23, 2021, was represented by 394,205,916 ordinary, registered, Series B, Class I no par value shares, out of which 393,707,916 shares are outstanding and fully subscribed and paid for and 498,000 shares were kept in treasury.

The capital stock as of December 31, 2021, is represented by 394,205,916 issued, ordinary, registered, Series B, Class I no par value shares, out of which 381,031,849 shares were outstanding and fully subscribed and paid for and 13,174,067 shares were kept in treasury.

In the Extraordinary General Shareholders Meeting of GRUMA held on April 22, 2022, 18,498,057 ordinary, registered, Series B, Class I, no par value shares, which had been repurchased by the Company, were cancelled. Consequently, the capital stock on April 22, 2022, was represented by 375,707,859 ordinary, registered, Series B, Class I no par value shares, out of which 374,390,741 shares were outstanding and fully subscribed and paid for and 1,317,118 shares were kept in treasury.

The capital stock as of December 31, 2022, is represented by 375,707,859, issued, ordinary, registered, Series B, Class I no par value shares, out of which 370,308,994 shares were outstanding and fully subscribed and paid for and 5,398,865 shares were kept in treasury.

In the Extraordinary General Shareholders Meeting of GRUMA held on April 21, 2023, 5,581,047 ordinary, registered, Series B, Class I, no par value shares, which had been repurchased by the Company, were cancelled. Consequently, the capital stock on April 21, 2023, was represented by 370,126,812 ordinary, registered, Series B, Class I no par value shares, all of them outstanding and fully subscribed and paid for.

The capital stock as of December 31, 2023 is represented by 370,126,812 issued, ordinary, registered, Series B, Class I no par value shares, out of which 369,129,459 shares were outstanding and fully subscribed and paid for and 997,353 shares were kept in treasury.

In the Extraordinary General Shareholders Meeting of GRUMA held on April 26, 2024, 4,732,537 ordinary, registered, Series B, Class I, no par value shares, which had been repurchased by the Company, were cancelled. Consequently, the capital stock on April 26, 2024, was represented by 365,394,275 ordinary, registered, Series B, Class I no par value shares, out of which 364,763,606 shares were outstanding, fully subscribed and paid for and 630,669 shares were kept in treasury.

### *2.2.13. Dividends*

Our ability to pay dividends may be limited by Mexican law, our *estatutos sociales*, or bylaws, and by financial covenants contained in some of our credit agreements. Because we are a holding company with no significant operations of our own, we have distributable profits to pay dividends to the extent that we receive dividends from our subsidiaries. Accordingly, there can be no assurance that we will pay dividends or of the amount of any such dividends. See “Section 3.4.3. Financial Condition, Liquidity and Capital Resources.”

Pursuant to Mexican law and our bylaws, the declaration, amount and payment of dividends are determined by a majority vote of the holders of the outstanding shares represented at a duly convened shareholders’ meeting. The amount of any future dividend would depend on, among other things, operating results, financial condition, cash requirements, losses for prior fiscal years, future prospects, the extent to which debt obligations impose restrictions on dividends and other factors deemed relevant by the Board of Directors and the shareholders.

In addition, under Mexican law, companies may only pay dividends:

- from earnings included in year-end financial statements that are approved by shareholders at a duly convened meeting;
- after any existing losses applicable to prior years have been made up or absorbed into shareholders’ equity;
- after at least 5% of net profits for the relevant fiscal year have been allocated to a legal reserve until the amount of the reserve equals 20% of a company’s paid-in capital stock; and
- after shareholders have approved the payment of the relevant dividends at a duly convened meeting.

The ability of our subsidiaries to make distributions to us is limited by the laws of each country in which they were incorporated and by their constitutive documents. For example, in the case of Gruma Corporation, our principal U.S. subsidiary, its ability to pay dividends in cash is prohibited upon the occurrence of any default or event of default under its principal credit agreements. See “Section 3.4.3. Financial Condition, Liquidity and Capital Resources”.

On April 26, 2024, GRUMA approved a cash dividend in the amount of Ps.\$5.04 per share, payable in 4 installments of Ps.\$1.26 per share, on: July 12 and October 11, 2024, and January 10 and April 11, 2025. During 2023, 2022 and 2021 GRUMA approved to pay cash dividends in the amount of Ps.\$5.40 per share, Ps.\$5.40 per share and Ps.\$5.20 per share, respectively.

### *Dividend Rights and Distribution*

Within the first four months of each year, the Board of Directors must submit our company’s financial statements for the preceding fiscal year to the shareholders for their approval at the ordinary general shareholders’ meeting. They are required by law to allocate 5% of any new profits to a legal reserve which is not thereafter available for distribution until the amount of the legal reserve equals 20% of our capital stock (before adjusting for inflation). Amounts in excess of those allocated to the legal reserve fund may be allocated to other reserve funds as the shareholders may determine, including a reserve for the repurchase of our shares. The remaining balance of new profits, if any, is available for distribution as dividends prior to their approval at the shareholders’ meeting. Cash dividends on the shares held through Indeval will be distributed by us through Indeval. Cash dividends on the shares evidenced by physical certificates will be paid when the relevant dividend coupon registered in the name of its holder is delivered to us. No dividends may be paid, however, unless losses for prior fiscal years have been paid up or absorbed. See “Section 2.2.13. Dividends”.

## 2.2.14. Exchange controls and other limitations which affect holders of certificates

Not applicable.

### 3. FINANCIAL INFORMATION

#### 3.1 SELECTED FINANCIAL INFORMATION

The following tables present our selected consolidated financial data as of and for each of the years indicated. The data as of December 31, 2023, 2022 and 2021 and for the years ended December 31, 2023, 2022 and 2021 are derived from and should be read together with our audited consolidated financial statements included herein and “Section 3.4.3. Financial Condition, Liquidity and Capital Resources”.

	2023	2022	2021
	(thousands of US dollars, except per share amounts)		
<b>Income Statement Data:</b>			
Net sales.....	U.S.\$ 6,576,230	U.S.\$ 5,596,621	U.S.\$ 4,623,571
Cost of sales.....	(4,242,620)	(3,617,119)	(2,960,468)
Gross profit.....	2,333,610	1,979,502	1,663,103
Selling and administrative expenses.....	(1,514,344)	(1,351,299)	(1,144,233)
Other (expenses) income, net.....	(41,671)	(18,060)	34,855
Operating income.....	777,595	610,143	553,725
Comprehensive financing cost, net.....	(147,646)	(100,088)	(81,600)
Income before income tax.....	629,949	510,055	472,125
Income tax expense.....	(222,126)	(190,865)	(169,914)
Consolidated net income from continuing operations....	407,823	319,190	302,211
Profit (loss) from discontinued operations.....	24,827	-	(31)
Consolidated net income.....	432,650	319,190	302,180
<b>Attributable to:</b>			
Shareholders.....	429,452	319,222	302,155
Non-controlling interest.....	3,198	(32)	25
<b>Per share data <sup>(1)</sup>:</b>			
<b>Basic and diluted earnings per share (dollars):</b>			
From continuing operations.....	1.10	0.85	0.77
From discontinued operations.....	0.06	-	-
From continuing and discontinued operations.....	1.16	0.85	0.77
<b>Balance Sheet Data (at period end):</b>			
	2023	2022	2021
	(thousands of US dollars, except per share amounts, ratios, dividends and operating data)		
Property, plant and equipment, net.....	U.S.\$ 1,955,512	U.S.\$ 1,821,815	U.S.\$ 1,647,681
Right-of-use assets.....	327,385	333,189	289,292
Total assets.....	4,683,094	4,386,656	3,827,123
Short-term debt <sup>(2)</sup> .....	411,172	146,971	54,679
Short-term lease liability.....	58,103	49,107	37,538
Long-term debt <sup>(2)</sup> .....	1,115,681	1,461,605	1,133,695
Long-term lease liability.....	306,754	318,305	281,542
Total liabilities.....	2,839,816	2,953,071	2,390,902
Common stock.....	370,437	371,274	377,854
Total equity <sup>(3)</sup> .....	1,843,278	1,433,585	1,436,221
<b>Other Financial Information:</b>			
Capital expenditures.....	211,006	297,515	286,481
Depreciation and amortization.....	224,029	196,558	179,350
Net cash generated by (utilized in):			
Operating activities.....	740,979	300,266	560,948
Investing activities.....	(183,539)	(298,360)	(258,164)
Financing activities.....	(499,109)	34,622	(347,637)

<b>Balance Sheet Data (at period end):</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	(thousands of US dollars, except per share amounts, ratios, dividends and operating data)		
Accounts receivable turnover ratio .....	35	39.6	40.1
Accounts payable turnover ratio .....	55.5	72.7	84.2
Inventory turnover ratio .....	82.4	93.3	88.9
Declared dividends per share (dollars).....	0.30	0.26	0.26

- (1) Based upon the weighted average of outstanding shares of our common stock (in thousands), as follows: 369,909 shares for the year ended December 31, 2023, 373,564 shares for the year ended December 31, 2022, and 390,875 shares for the year ended December 31, 2021.
- (2) As of December 31, 2023, the short-term debt consists of bank loans and the current portion of long-term debt (Notes due 2024). Long-term debt consists of bank loans, the Debt Securities (*Certificados Bursátiles*) Gruma 21 issued for Ps.2 billion and the Debt Securities (*Certificados Bursátiles*) Gruma 22 issued for Ps.4.5 billion. See “Section 3.4.3. Financial Condition, Liquidity and Capital Resources - Indebtedness.”
- (3) Total equity includes non-controlling interests as follows (in thousands): U.S.\$2,841 as of December 31, 2023, U.S.\$(354) as of December 31, 2022 and U.S.\$(1,108) as of December 31, 2021.

<b>Operating Data:</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<i>Sales Volume:</i>	<b>(thousands of tons)</b>		
Gruma USA (nixtamalized corn flour, tortillas and other) <sup>(1)</sup> .....	1,592	1,605	1,522
GIMSA (nixtamalized corn flour and other).....	2,147	2,076	2,047
Gruma Europe (nixtamalized corn flour, tortillas and other).....	419	410	389
Gruma Centroamérica (nixtamalized corn flour and other).....	233	243	237
Gruma Asia-Oceania (tortilla and other).....	96	97	95
 <i>Number of Employees:</i>	 24,135	 23,506	 22,492

(1) Net of intercompany transactions.

### 3.2. FINANCIAL INFORMATION BY LINE OF BUSINESS, GEOGRAPHIC MARKET AND EXPORT SALES

The following table sets forth our consolidated revenues by geographic market for the years ended December 31, 2023, 2022 and 2021.

	<b>Year ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>(in millions of US dollars)</b>		
United States .....	U.S.\$ 3,638	U.S.\$ 3,190	U.S.\$ 2,593
Mexico.....	1,881	1,422	1,193
Europe.....	435	420	334
Central America.....	365	323	264
Asia and Oceania.....	257	242	240
Total .....	U.S.\$ 6,576	U.S.\$ 5,597	U.S.\$ 4,624

For more information with respect to the financial information by geographic market see “Section 2.2 Business Overview”. Likewise, see Note 5 of our audited financial statements as of December 31, 2023 and 2022, and for the years ended on said dates.

### 3.3. RELEVANT CREDIT FACILITIES REPORT

Below is a description of our main credit facilities. The Company is up to date in the payment of principal and interests under these Agreements.

#### *2024 Revolving Credit Facility*

On April 22, 2024, we entered into a committed credit facility for U.S.\$125 million with Scotiabank Inverlat, S.A. Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat (the “2024 Revolving Credit Facility”). The revolving credit facility aims to replace the 2022 Long-Term Credit Facility for U.S.\$125 million with Bank of Nova Scotia. The credit line has the same maturity date

as the 2022 Long-Term Credit Facility, of September 27, 2027, but includes the option to extend the line for an additional year. The interest rate on the credit line is 1M SOFR plus a 110-basis point spread.

The 2024 Revolving Credit Facility contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the 2024 Revolving Credit Facility) to interest charges of no less than 2.5x and a Maximum Net Leverage Ratio of no more than 3.50x. The 2024 Revolving Credit Facility limits our ability and that of our subsidiaries in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell a substantial part of our assets; and enter into hedging transactions for speculative purposes. Additionally, it limits our subsidiaries' ability to incur in additional indebtedness under certain circumstances.

On April 24, 2024, a withdrawal of U.S.\$125 million was made, and the funds were used to prepay the entire 2022 Long-Term Credit Facility.

### *2023 Long-Term Credit Facility*

In July 2023, the Company obtained a loan for U.S.\$140 million with equal participation from BBVA México, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA México, acting as the lead bank, and Banco Mercantil del Norte, S.A., Insitución de Banca Múltiple, Grupo Financiero Banorte (the "2023 Long-Term Credit Facility"). The credit facility has a 5 year maturity period, is payable in a single exhibition upon maturity, and has quarterly interest payments at a rate of three month SOFR plus a spread of 130-basis points. The proceeds were mainly used to reduce the use of contracted committed revolving credit lines.

The 2023 Long-Term Credit Facility contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the 2023 Long-Term Credit Facility) to interest charges of no less than 2.5x and a Maximum Net Leverage Ratio of no more than 3.50x. The 2023 Long-Term Credit Facility limits our ability and that of our subsidiaries in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell a substantial part of our assets; and enter into hedging transactions for speculative purposes. Additionally, it limits our subsidiaries' ability to incur in additional indebtedness under certain circumstances.

### *Gruma Corporation Revolving Credit Facility*

In October 2006, Gruma Corporation entered into a U.S.\$100 million 5-year revolving credit facility with a syndicate of financial institutions (the "Gruma Corporation Revolving Credit Facility"). This facility was refinanced in June 2011 for U.S.\$200 million for an additional 5-year term and in November 2012, it was increased to U.S.\$250 million. On November 24, 2014, Gruma Corporation extended the revolving credit facility for U.S.\$250 million and its maturity to November 2019. In May 2019, the Gruma Corporation Revolving Credit Facility was extended once again for U.S.\$250 million and with maturity in May 2024. On July 11, 2023 Gruma Corporation extended the maturity for an additional 5-year term and increased the amount to U.S.\$265 million with a spread above SOFR ranging between 125 and 190 basis points, depending on the leverage of the Company. The banks participating in the credit facility are Bank of America, N.A., acting as lead underwriter, Wells Fargo Bank, N.A., Coöperative Rabobank, U.A. New York Branch, Paribas and Cobank, FCB.

The Gruma Corporation Revolving Credit Facility contains covenants that require to maintain a ratio of consolidated EBITDA (as this term is defined in the Gruma Corporation Revolving Credit Facility) to interest charges of not less than 2.5x and a Maximum Net Leverage Ratio of no more than 3.50x. Additionally, this credit facility contains financial covenants that limit Gruma Corporation to merge or consolidate with other companies and limit the ability of Gruma Corporation and of certain of its subsidiaries, to: create liens; make certain investments or restricted payments; enter into any agreement that restricts dividend payments; and become involved in certain transactions with affiliates, among others

In case of an event of default under the credit facility, Gruma Corporation will be prohibited to pay any cash dividends to the Company. The aforementioned covenants and other covenants could limit Gruma Corporation's ability to support our liquidity and our capital requirements.

As of December 31, 2023, the 2021 Gruma Corporation Revolving Credit Facility was in force with no outstanding balance.

### *Debt Securities (Certificados Bursátiles) Gruma 22*

As part of the short and long-term Debt Securities (Certificados Bursátiles) program for an amount of up to Ps.10 billion authorized on October 10, 2022, we issued long-term Debt Securities (Certificados Bursátiles) in the local debt market on October 13, 2022, for a total amount of Ps.4.5 billion, for a 5-year term and accruing interest at a rate of 28-day TIII plus 29 basis points. The



underwriters were Casa de Bolsa Banorte, S.A. de C.V., Casa de Bolsa BBVA Bancomer, S.A. de C.V. and Scotia Inverlat Casa de Bolsa S.A. de C.V. The proceeds were used for the payment debt, including the early payment of the Gruma18 CEBURES.

The issuance contains covenants that, in certain cases, limit our ability and our subsidiaries', among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell a substantial part of our assets and enter into hedging transactions for speculative purposes. See "3.4.3. Financial Condition, Liquidity and Capital Resources" for further details on the program.

#### *2022 Revolving Credit Facility*

On September 30, 2022, we obtained a 5-year revolving credit facility for an amount up to U.S.\$100 million with Bank of America, N.A., Coöperatieve Rabobank U.A., New York Branch, ("Rabobank"), with Rabobank acting as the administrative agent. The interest rate is one-month SOFR plus a 10-basis point adjustment plus a 105 basis point spread.

The 2022 Revolving Credit Facility contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the 2022 Revolving Credit Facility) to interest charges not less than 2.5x and a Maximum Net Leverage Ratio of not more than 3.50x. The 2022 Revolving Credit Facility limits our ability and our subsidiaries in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell a substantial part of our assets; and enter into hedging transactions for speculative purposes. Additionally, it limits our subsidiaries' ability to incur additional indebtedness under certain circumstances.

As of December 31, 2023, the 2022 Revolving Credit Facility was in force with no outstanding balance.

#### *2022 Long-Term Credit Facility*

On September 27, 2022, we obtained a credit facility for U.S.\$125 million granted by The Bank of Nova Scotia (the "2022 Long-Term Credit Facility 2022"), with a 5-year maturity, payable in a single exhibition upon maturity and with monthly interest payments at a rate of SOFR plus a spread of 100 basis points. The proceeds were used to pay other credit facilities.

The 2022 Long-Term Credit Facility contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the 2022 Long-Term Credit Facility) to interest charges of not less than 2.5x and a Maximum Net Leverage Ratio of not more than 3.50x. The 2022 Long-Term Credit Facility limits our ability and our subsidiaries in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell a substantial part of our assets; and enter into hedging transactions for speculative purposes. Additionally, it limits our subsidiaries' ability to incur additional indebtedness under certain circumstances.

On April 24, 2024, the entire 2022 Long-Term Credit Facility was paid off with the proceeds from the 2024 Revolving Credit Facility.

#### *BBVA Revolving Credit Facility*

On August 1, 2022, we obtained a credit facility for U.S.\$150 million granted by BBVA México, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA México, with an interest rate of one-month SOFR plus a 100-basis point spread.

The Revolving Credit BBVA contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the BBVA Revolving Credit Facility) to interest charges not less than 2.5x and a Maximum Net Leverage Ratio of not more than 3.50x. The BBVA Revolving Credit Facility limits our ability and our subsidiaries in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell a substantial part of our assets; and enter into hedging transactions for speculative purposes. Additionally, it limits our subsidiaries' ability to incur additional indebtedness under certain circumstances.

As of December 31, 2023, the BBVA Revolving Credit Facility was in force with no outstanding balance.

#### *2021 Revolving Credit Facility*

On June 3, 2021, we obtained a 5-year revolving credit facility for U.S.\$250 million granted by Bank of America, N.A., Rabobank, Credit Agricole Corporate and Investment Bank, JPMorgan Chase Bank, N.A. and The Bank of Nova Scotia (the "2021 Revolving Credit Facility"), with Rabobank acting as the administrative agent. In May 2023, an amendment to the agreement was agreed

upon to formalize the migration to a SOFR reference rate according to the mechanisms agreed upon in the original agreement. As a result of the amendment, the interest rate of the credit line transitioned from a LIBOR rate plus a 115-basis point spread to a daily SOFR rate plus a 126.45-basis point spread.

The 2021 Revolving Credit Facility contains covenants that require to maintain a ratio of consolidated EBITDA (as this term is defined in the 2021 Revolving Credit Facility) to interest charges of not less than 2.5x and a Maximum Net Leverage Ratio of no more than 3.50x. The 2021 Revolving Credit Facility limits our ability, and our subsidiaries' ability in certain cases, among other things to, create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell substantially all of our assets; and enter into hedging transactions for speculative reasons. Additionally, it limits our subsidiaries' ability to incur additional indebtedness under certain circumstances.

As of December 31, 2023, the 2021 Revolving Credit Facility was in force with no outstanding balance.

#### *Debt Securities (Certificados Bursátiles) Gruma 21*

As part of the short and long-term Debt Securities (Certificados Bursátiles) program for an amount of up to Ps.8 billion authorized on September 25, 2018, on May 21, 2021 we issued long-term Debt Securities (Certificados Bursátiles) in the local debt market, for a total amount of Ps.2 billion, for a 7-year term. The Debt Securities (Certificados Bursátiles) accrue interests at a fixed rate of 7.00%. The issuance agents were Casa de Bolsa Banorte S.A. de C.V., Casa de Bolsa BBVA Bancomer, S.A. de C.V., and Scotia Inverlat Casa de Bolsa S.A. of C.V. The proceeds were used to pay in full the 2018 *Syndicated Facility in Pesos*.

The issuance contains covenants that, in certain cases, limit our ability and our subsidiaries', among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell a substantial part of our assets and celebrate derivative transactions for speculative purposes. See "3.4.3. Financial Condition, Liquidity and Capital Resources" for further details on the program.

#### *2021 Long-Term Credit Facility*

On March 31, 2021, we obtained a credit facility for U.S.\$200 million granted jointly and equally by The Bank of Nova Scotia and Bank of America Mexico, S.A., Institución de Banca Múltiple (the "2021 Long-Term Credit Facility"), with a 5 year maturity, payable in a single exhibition upon maturity and quarterly interest payments at a rate of LIBOR plus a spread of 100 basis points. The proceeds were used to prepay the 2017 *Syndicated Facility* and other short-term liabilities.

In June 2023, an amendment to the agreement was agreed upon to formalize the migration to a SOFR reference rate according to the mechanisms agreed upon in the original agreement. As a result of the amendment, the interest rate of the credit transitioned from a LIBOR rate plus a 100-basis point spread to a daily SOFR rate plus a 111.45-basis point spread.

The 2021 Long-Term Credit Facility contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the 2021 Long-Term Credit Facility) to interest charges not less than 2.5x and a Maximum Net Leverage Ratio of no more than 3.50x. The 2021 Long-Term Credit Facility limits our ability and our subsidiaries in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell a substantial part of our assets; and enter into hedging transactions for speculative purposes. Additionally, it limits our subsidiaries' ability to incur additional indebtedness under certain circumstances.

#### *Long-Term Loan 2019*

On December 19, 2019, we obtained a U.S.\$250 million loan from The Bank of Nova Scotia (the "2019 Long-Term Loan") with a 6 year maturity including a one-year extension option as of the loan's second anniversary. The loan has a fixed annual interest rate of 2.789% and the proceeds were used to pay short-term debt in pesos.

The 2019 Long-Term Loan contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the 2019 Long-Term Loan credit agreement) to interest charges of not less than 2.5x and a Maximum Net Leverage Ratio of no more than 3.50x. The 2019 Long-Term Loan limits our ability and our subsidiaries' in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell a substantial part of our assets; and enter into hedging transactions for speculative purposes. Additionally, it limits our subsidiaries' ability to incur additional indebtedness under certain circumstances.

### *Mission Foods Iberia Loan*

On October 16, 2019, our European subsidiary, Mission Foods Iberia, S.A.U., obtained a loan from BBVA, S.A., with GRUMA as the guarantor, for a total of EUR\$45 million Euros with five principal payments of EUR\$9 million Euros from the third to the seventh anniversary of the loan. The loan accrues interests at a fixed annual rate of 0.95% and the proceeds were used to finance investments in Europe.

The Mission Foods Iberia Loan limits our ability and our subsidiaries' in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell a substantial part of our assets; and enter into hedging transactions for speculative purposes.

### *Debt Securities (Certificados Bursátiles) Gruma 18*

As part of the short and long-term Debt Securities (Certificados Bursátiles) program for an amount of up to Ps.8 billion authorized on September 25, 2018, on September 27, 2018 we issued long-term Debt Securities (Certificados Bursátiles) in the local debt market, for a total amount of Ps.3 billion, for a 5-year term. The Debt Securities (Certificados Bursátiles) accrue interests at a 28-day TIIE rate plus 38 basis points. The issuance agents were Casa de Bolsa Santander, S.A. de C.V., Citibanamex Casa de Bolsa S.A. de C.V., and Scotia Inverlat Casa de Bolsa S.A. of C.V. The proceeds were used to pay short-term bank loans in Mexican pesos. The issuance may be paid in advance, in full, as from September 23, 2021. See "3.4.3. Financial Condition, Liquidity and Capital Resources" for further details on the program.

The issuance contains covenants that, in certain cases, limit our ability and our subsidiaries', among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell a substantial part of our assets. During February 2019 we entered into an interest rate hedging transaction for the Debt Securities (Certificados Bursátiles) resulting in a fixed interest rate of 8.52% for the entire term of the Debt Securities (Certificados Bursátiles).

On October 20, 2022, the Gruma 18 CEBURES was total paid with the proceeds of the Gruma 22 CEBURES.

### *2018 Syndicated Facility in Pesos*

On September 27, 2018, we obtained a 3- year syndicated facility for Ps.2 billion with Bank of America Mexico, SA, Institución de Banca Múltiple, BBVA Bancomer, SA, Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer, and HSBC México, SA, Institución de Banca Múltiple, Grupo Financiero HSBC, Scotiabank Inverlat, SA, Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, ("Scotiabank"), with Scotiabank acting as administrative bank. As per the syndicated facility, we have the obligation to pay monthly interest at a rate of 28-day TIIE plus a margin of 55 basis points. The principal under this facility is payable upon maturity. Proceeds from this facility were used to pay short term bank loans in Mexican pesos.

The 2018 Syndicated Facility in Pesos contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the 2008 Syndicated Facility in Pesos) to interest charges of not less than 2.5x, and a Maximum Net Leverage Ratio of not more than 3.50x. The 2018 Syndicated Facility in Pesos limited our ability and our subsidiaries in certain cases, among other things, to: create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell a substantial part of our assets; and enter into hedging transactions for speculative purposes. Additionally, it limited our subsidiaries' ability to incur additional indebtedness under certain circumstances.

On May 21, 2021 the 2018 Syndicated Facility in Pesos was paid in full, mainly with the proceeds from the Gruma 21 CEBURES.

### *2017 Syndicated Facility*

On April 21, 2017, we obtained a 5-year syndicated credit facility for up to U.S.\$400 million with Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex, Bank of America, N.A., The Bank of Tokyo-Mitsubishi Ufj, Ltd., Coöperatieve Rabobank U.A., (before Coöperatieve Centrale Raiffeisen Boerenleenbank B.A.) New York Branch, ("Rabobank"), JPMorgan Chase Bank, N.A. and The Bank of Nova Scotia, (the "2017 Syndicated Facility") with Rabobank acting as administrative agent. The credit facility is composed of a 5-year credit facility for U.S.\$150 million and a 5-year committed revolving credit facility for U.S.\$250 million, from which an initial amount of U.S.\$66 million was disbursed. The interest rate for both lines of credit is LIBOR plus a spread of 100 basis points. The 2017 Syndicated Facility contains covenants that require us to maintain a ratio of consolidated EBITDA (as this term is defined in the 2017 Syndicated Facility) to interest charges of not less than 2.5x, and to maintain a Maximum Ratio of Total Funded Debt to EBITDA (as this term is defined in the 2017 Syndicated Facility) of not more than 3.50x. The 2017 Syndicated Facility limited

our ability, and our subsidiaries' ability in certain cases, among other things to, create liens; make certain investments or other restricted payments; merge or consolidate with other companies or sell substantially all of our assets; and enter into hedging transactions for speculative reasons. Additionally, it limited our subsidiaries' ability to incur additional indebtedness under certain circumstances.

On March 31, 2021, the term loan balance was prepaid with the proceeds from the 2021 Long-Term Credit Facility. As of March 31, the committed revolving credit facility is available and with no outstanding balance. Additionally, on June 3, 2021 the Company made an early termination of the committed revolving credit line, terminating the respective contract.

#### *Notes Due 2024*

On December 5, 2014, we issued U.S.\$400 million aggregate principal amount of 4.875% senior notes due 2024 (the "Notes due 2024"), which at the time were rated BB+ by Standard & Poor's Rating Service and BBB- by Fitch Ratings, Ltd. The Notes due 2024 mature on December 1, 2024 and have a make-whole redemption option exercisable by us at any time and a redemption option without a make-whole premium exercisable by us at any time beginning on the date that is three months prior to the scheduled maturity of the notes. We used the net proceeds of the issuance of the Notes due 2024 primarily to redeem and extinguish the Perpetual Bonds and repay other long-term indebtedness. The indenture governing the Notes due 2024 contains covenants including limitations on liens, limitations on sale-leaseback transactions, and limitations on consolidations, mergers and transfers of a substantial part of assets. As of December 31, 2023, we have not hedged any interest payments on the Notes due 2024. As of December 31, 2022, U.S.\$400 million of the Notes due 2024 were outstanding.

### **3.4. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE ISSUER.**

*You should read the following discussion in conjunction with our audited consolidated financial statements and the notes thereto contained elsewhere herein. Our audited consolidated financial statements have been prepared in accordance with the accounting IFRS as issued by IASB.*

For more information about our financial statements in general, see "Section 1.1.2. Presentation of Financial Information" and "Section 3.4.3. Financial Condition, Liquidity and Capital Resources." The financial information in this Annual Report is shown as if the new presentation currency, the U.S. dollar, had always been our Company's presentation currency.

#### **Acquisitions and Other Significant Events Within Our Business Units**

##### *Disposal Of Investment in Venezuela*

On August 7, 2023, the Company disposed of its investment in Venezuela by executing a stock purchase agreement between a third party and its subsidiaries Valores Mundiales and Consorcio Andino, whereby all shares of the capital stock of MONACA and DEMASECA were sold for U.S.\$22 million and U.S.\$3 million, respectively. The valuation conducted for the price of this transaction took into account certain characteristics thereof; primarily, that the buyer acquired the shares with full knowledge of the legal matters mentioned above (See "Section 2.2.11. Legal Administrative or Arbitration Proceedings- Discontinued Operations Venezuela – Disposal of Investment in Venezuela and Arbitral Award Status"), and the recognition and assumption of MONACA and DEMASECA's assets and liabilities, including, but not limited to, those of commercial, tax and labor nature, in the condition they were in, commonly referred to "as is", without representations nor warranties by the sellers. In view of the above, the Company no longer holds an investment in Venezuela, and consequently, has no assets subject to the Expropriation Decree.

Due to the subsidiaries in Venezuela being deconsolidated in 2013 and the total value of the investment being impaired in 2015, the disinvestment carried out in August 2023 had no negative financial impact on our Company's consolidated information. Therefore, the proceeds obtained from the sale of the shares, amounting to U.S.\$25 million, are fully recognized in the consolidated results under the category "From discontinued operations"; this approach is adopted to maintain consistency and alignment with the presentation of the financial statements when the loss of control of the subsidiaries and the impairment of the investment in Venezuela were recognized.

##### *Change in Presentation Currency of Consolidated Financial Statements in 2022*

In accordance with the International Accounting Standard 21, "The effects of changes in foreign exchange rates" (IAS 21) and with the approval of the Board of Directors and prior favorable opinion of the Audit Committee, our Company decided to change its presentation currency from the Mexican peso to the U.S. dollar for the consolidated financial statements as of January 1, 2022. This decision considered that: a) the accounting rules allow choosing the presentation currency, based on the measure used by management to control and monitor the financial position and performance of our Company, b) our Company operates internationally, with the U.S.

dollar being the main currency in the markets in which it participates; and c) greater ease of analysis is expected for the different users of the consolidated financial information, including comparability with the financial reports of other global entities.

Translation adjustments and cumulative translation adjustments have been presented as if our Company had used the U.S. dollar as the presentation currency since January 1, 2010, the initial date of the Company's transition to accounting IFRS. Financial statements as of December 31, 2021 and their related notes were retrospectively adjusted for the change in presentation currency by applying the methodology set out in IAS 21, using the closing exchange rates for the consolidated statements of financial position and the closing exchange rates of each month within the respective periods for the consolidated income statements, consolidated statements of comprehensive income and consolidated statements of cash flows.

Historical equity transactions were translated at the foreign exchange rate of the transactions and were subsequently carried at historical value.

Our consolidated and audited financial statements as of December 31, 2023, and 2022, and for the years ended on those dates, as well as of December 31, 2022, and 2021, and for the years ended on those dates, are presented in United States dollars.

### *3.4.1. Accounting Presentation Overview*

Our audited consolidated financial statements have been prepared in accordance with the accounting IFRS as issued by the IASB.

#### *New Financial Standards Issued but Not Yet Effective*

Certain standards have been issued by the IASB, which are not effective for reporting periods as of December 31, 2023, and our company has not early adopted them. These standards are not expected to have a material impact on the financial situation or the results of our Company.

#### *Effects of Inflation*

Our Company recognizes the effects of inflation on the financial information of its subsidiaries when they operate in a country with a hyperinflationary economic environment. To determine the existence of hyperinflation, we evaluate the qualitative characteristics of the economic environment of each country, as well as the quantitative characteristics established by the accounting IFRS, including an accumulated inflation rate equal or higher than 100% in the past three years. Pursuant to this analysis, Mexico is not considered to be hyperinflationary, with annual inflation rates of 7.36% in 2021, 7.82% in 2022 and 4.66% in 2023.

The main procedures to apply the effects of inflation in the subsidiary's financial information are as follows:

- Non-monetary assets such as property, plant and equipment, intangible assets and inventories that are not registered in actual values at the date of the statement of financial position, as well as equity components, are restated by applying the corresponding inflation factors since the acquisition or contribution date.

- Items of the statement of comprehensive income are restated by applying inflation factors, except for depreciation and amortization, and the impact on the cost of inventories at the time of consumption.

- Gain or loss of monetary assets held is presented in income statement and is determined by applying the inflation factor of the period to the difference between monetary assets and liabilities.

Starting April 2022, Turkey is considered a hyperinflationary economy mainly due to its cumulative inflation that over the last three years surpassed 100%. The downturn of the economic condition and foreign exchange controls, support the conclusion that, for accounting purposes, is a hyperinflationary economy. From that date, the financial information of the subsidiary located in Turkey has been adjusted to recognize the cumulative effects of inflation with retroactive effects from January 1, 2022. These effects did not represent a significant impact on our Company's consolidated accounts.

#### *Effects of Depreciation or Appreciation of the Mexican Peso*

Because a portion of our net sales are generated in Mexican pesos, changes in the peso/dollar exchange rate can have an effect upon our results of operations as reported in U.S. dollars. When the peso depreciates against the U.S. dollar, net sales of our subsidiaries in Mexico represent a smaller portion of our consolidated net sales in U.S. dollar terms. When the peso appreciates against the U.S.

dollar, the net sales of our subsidiaries in Mexico represent a larger portion of our consolidated net sales in U.S. dollar terms. For a description of the peso/dollar exchange rate see “Section 1.1.4. Exchange Rate.”

In addition to the above, our net income may be affected by changes in our foreign exchange gain or loss, which may be impacted by significant variations in the peso/dollar exchange rate. During 2021, 2022 and 2023, we recorded a net loss of U.S.\$2.1 million, U.S.\$1.6 million and U.S.\$4.6 million, respectively.

#### *Disposal of Investment in Venezuela*

On August 7, 2023, the Company disposed of its investment in Venezuela by executing a stock purchase agreement between a third party and its subsidiaries Valores Mundiales and Consorcio Andino, whereby all shares of the capital stock of MONACA and DEMASECA were sold for U.S.\$22 million and U.S.\$3 million, respectively. The valuation conducted for the price of this transaction took into account certain characteristics thereof; primarily, that the buyer acquired the shares with full knowledge of the legal matters mentioned above (See “Section 2.2.11. Legal Administrative or Arbitration Proceedings- Discontinued Operations Venezuela – Disposal of Investment in Venezuela and Arbitral Award Status”), and the recognition and assumption of MONACA and DEMASECA’s assets and liabilities, including, but not limited to, those of commercial, tax and labor nature, in the condition they were in, commonly referred to “as is”, without representations nor warranties by the sellers. In view of the above, the Company no longer holds an investment in Venezuela, and consequently, has no assets subject to the Expropriation Decree.

Due to the subsidiaries in Venezuela being deconsolidated in 2013 and the total value of the investment being impaired in 2015, the disinvestment carried out in August 2023 had no negative financial impact on our Company’s consolidated information. Therefore, the proceeds obtained from the sale of the shares, amounting to U.S.\$25 million, are fully recognized in the consolidated results under the category “From discontinued operations”; this approach is adopted to maintain consistency and alignment with the presentation of the financial statements when the loss of control of the subsidiaries and the impairment of the investment in Venezuela were recognized.

#### *Impacts from the Conflict in Ukraine*

During February of 2022, Russian military forces invaded Ukraine. This has resulted in the imposition of sanctions on Russia and Belarus by the United States of America, the United Kingdom, the European Union and other countries, as well as counter-sanctions imposed by Russia to such countries. This has caused an abrupt change in the geopolitical situation, with significant uncertainty about the duration of the conflict.

The conflict has also contributed to increase volatility in the foreign exchange markets, energy prices, raw material and other input costs, as well as supply chain tensions and rising inflation in many countries.

As of December 2023 and 2022, our Company has assessed the consequences of this conflict in the consolidated financial statements, with the following conclusions:

**Assessment of Control:** In accordance with IFRS 10 “Consolidated Financial Statements” we have assessed and confirm that changes in the legal and operating environment of our subsidiaries located in Russia and Ukraine have not affected the ability to exercise control over the entities in these countries.

**Goodwill impairment:** In March 2022, our Company recognized a non-monetary impairment charge of U.S.\$2.0 million in our operative results, in “Other expenses, net” due to the goodwill impairment of the cash generating unit “Altera, LLC” located in Ukraine and associated with the corn flour and packaged tortilla Europe business segment. This impairment loss reflects a decrease in the recoverable amount of the CGU due to the impact of the Russian invasion in February 2022.

The impact in the operations of our subsidiaries located in Ukraine and Russia as of December 31, 2023 and 2022 was not significant to the consolidated revenues, the operating income and the consolidated financial position.

Our Company will continue to monitor the events resulting from this ongoing conflict, evaluating the options available to try to mitigate a greater risk of loss and we will continue to evaluate the possible impact on the investment in these subsidiaries.

### **Factors Affecting Financial Condition and Results of Operations**

Our financial condition and results of operations may be influenced by some of the following factors:

- level of demand for tortillas and nixtamalized corn flour;

- increase or decrease in the Hispanic population in the United States;
- increases in Mexican food consumption by the non-Hispanic population in the United States; and use of tortillas in non-Mexican cuisine in the United States, Europe, Asia and Oceania;
- costs and availability of corn and wheat flour;
- costs of energy and other related products;
- acquisitions, plant expansions and divestitures;
- effects of government initiatives and policies;
- effects from variations of interest rates and exchange rates;
- volatility in corn and wheat prices and energetics costs;
- competition from tortilla manufacturers, especially in the United States;
- competition in the corn flour business; and
- general economic conditions in the countries where we operate and worldwide.

### 3.4.2. Results of Operations

The following table sets forth our consolidated income statement data on an accounting IFRS basis for the years ended December 31, 2023, 2022 and 2021, expressed as a percentage of net sales. All financial information has been prepared in accordance with the accounting IFRS. For a description of the method, see “Section 3.4.1. Accounting Presentation Overview” and “Section 3.5. Critical Accounting Estimates, Provisions or Reserves.”

	<b>Year Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Income Statement Data</b>			
Net Sales.....	100%	100%	100%
Cost of Sales.....	64.5	64.6	64.0
Gross profit.....	35.5	35.4	36.0
Selling and administrative expenses.....	23.0	24.1	24.7
Other (expenses) income, net.....	(0.6)	(0.3)	0.7
Operating income.....	11.8	10.9	12.0
Net comprehensive financing cost.....	(2.2)	(1.8)	(1.8)
Current and deferred income taxes.....	3.4	3.4	3.7
Income from discontinued operations.....	0.4	-	-
Non-controlling interest.....	-	-	-
Net income attributable to shareholders.....	6.5	5.7	6.5

The following table sets forth our net sales and operating income as represented by our principal subsidiaries for 2023, 2022 and 2021. Net sales and operating income of our subsidiaries Mission Foods Mexico, INTESA, TECNOMAIZ and CIASA are part of “others and eliminations.” Financial information with respect to GIMSA includes sales of U.S.\$120.9 million, U.S.\$150.0 million and U.S.\$188.8 million in 2021, 2022 and 2023, respectively, mainly of nixtamalized corn flour to Gruma USA, Mission Foods Mexico and Gruma Centroamérica. Financial information with respect to Mission Foods Mexico includes sales U.S.\$64.0 million, U.S.\$96.7 million and U.S.\$123.8 million in 2021, 2022, and 2023 respectively, in tortilla related products mainly to Gruma USA.

Financial information of INTESA, TECNOMAIZ and CIASA includes sales of U.S.\$53.7 million, U.S.\$60.7 million and U.S.\$64.3 million in 2021, 2022 and 2023, respectively, in technological support to certain subsidiaries of Gruma, S.A.B. de C.V. In the process of consolidation, all the aforementioned intercompany transactions are eliminated from the financial statements.

	Year Ended December 31,					
	2023		2022		2021	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
	(in millions of US dollars)					
Gruma USA.....	U.S.\$3,646	U.S.\$565	U.S.\$3,197	U.S.\$441	U.S.\$2,597	U.S.\$369
GIMSA.....	1,924	111	1,472	116	1,225	115
Gruma Europe.....	435	24	421	9	335	28
Gruma Centroamérica.....	365	42	323	25	264	15
Gruma Asia-Oceania .....	257	19	242	11	240	25
Others and eliminations .....	(51)	17	(58)	8	(37)	2
Total .....	<u>U.S.\$6,576</u>	<u>U.S.\$778</u>	<u>U.S.\$5,597</u>	<u>U.S.\$610</u>	<u>U.S.\$4,624</u>	<u>U.S.\$554</u>

**Net Sales by Subsidiary:** By major subsidiary, the percentages of consolidated net sales in 2023, 2022 and 2021 were as follows:

Subsidiary	Percentage of Consolidated Net Sales		
	2023	2022	2021
Gruma USA .....	55%	57%	57%
GIMSA .....	29%	26%	26%
Gruma Europe .....	7%	8%	7%
Gruma Centroamérica.....	6%	6%	6%
Gruma Asia-Oceania .....	4%	4%	5%
Others and eliminations .....	(1%)	(1%)	(1%)

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

### Consolidated Results

Sales volume increased 1% in 2023 to 4,372 thousand tons compared to 4,329 thousand tons in 2022, due to the positive expansion of the U.S., GIMSA and Europe divisions.

Net sales increased 18% to U.S.\$6.6 billion in 2023 compared to U.S.\$5.6 billion in 2022, primarily due to (1) the transfer of incremental costs and expenses to the top line of the income statement; and (2) volume growth.

Cost of sales increased 17% to U.S.\$4.2 billion in 2023 compared to U.S.\$3.6 billion in 2022, driven by (1) higher raw material costs across all divisions, (2) higher labor costs; and (3) greater sales volume. Cost of sales as a percentage of net sales improved to 64.5% in 2023 from 64.6% in 2022, due to the revenue and cost of sales dynamics mentioned above.

Selling and administrative expenses increased 12% to U.S.\$1.5 billion in 2023, compared to U.S.\$1.4 billion in 2022, mainly due to (1) higher commissions paid, in line with sales and volume growth; and (2) high distribution and logistics costs. Selling and administrative expenses as a percentage of net sales improved to 23.0% in 2023 from 24.1% in 2022.

Other expense, net, was U.S.\$41.7 million in 2023 compared to an expense of U.S.\$18.1 million in 2022. The difference of U.S.\$23.6 million was mainly due to losses on GRUMA's foreign exchange hedging positions related to the purchase of corn and the write-off of assets.

Operating income increased 27% to U.S.\$777.6 million in 2023 compared to U.S.\$610.1 million in 2022, mainly due to the strategies mentioned above. Operating margin expanded to 11.8% in 2023 from 10.9% in 2022.

Comprehensive financing cost, net, increased 48% to U.S.\$147.6 million in 2023 compared to U.S.\$100.1 million in 2022. This was mainly the result of an increase in debt service reflecting higher working capital needs and adjustments in the benchmark rate.



Income taxes increased 16% to U.S.\$222.1 million in 2023 compared to U.S.\$190.9 million in 2022 due to higher pre-tax earnings, as a result of the dynamics mentioned above. The effective rate was 35.3% in 2023 versus 37.4% in 2022, mainly due to lower inflation on liabilities.

Net income attributable to controlling interest increased 35% to U.S.\$429.5 million in 2023 versus U.S.\$319.2 million in 2022, primarily due to the performance mentioned above.

## **Results of the Subsidiaries**

### ***Gruma USA***

Sales volume decreased 1% to 1,592 thousand tons in 2023 compared to 1,605 thousand tons in 2022. The decrease was the result of the extraordinary effect of an additional week of operations in this division during 4Q22, which occurs every six years in line with its fiscal year-end. Without the extra week of operations, volume would have grown by 1%.

Net sales rose 14% to U.S.\$3.6 billion in 2023, compared to U.S.\$3.2 billion in 2022. This was a result of (1) the transfer of additional costs to revenues as a result of inflationary effects on GRUMA's cost structure; and (2) a more profitable product mix.

Cost of sales increased 13% to U.S.\$2.1 billion in 2023 compared to U.S.\$1.9 billion in 2022, due to (1) higher raw material costs; and (2) higher labor costs. As a percentage of net sales, cost of sales improved to 58.8% in 2023 from 59.1% in 2022, due to the revenue and cost dynamics mentioned above.

Selling and administrative expenses increased 8% to U.S.\$932.5 million in 2023 compared to U.S.\$863.6 million in 2022 as a result of (1) higher commissions in line with higher revenues; and (2) higher marketing expenses. As a percentage of net sales, selling and administrative expenses decreased to 25.6% from 27.0% due to the increase in net sales relative to the afore-mentioned expenses.

Other expense, net, were U.S.\$4.4 million in 2023 compared to U.S.\$2.8 million in 2022.

Operating income rose 28% to U.S.\$565.2 million in 2023 compared to U.S.\$440.9 million in 2022 and operating margin increased to 15.5% from 13.8%.

### ***GIMSA***

Sales volume rose 3% to 2,147 thousand tons in 2023 compared to 2,076 thousand tons in 2022, due to strong demand across our entire product line, particularly from corporate and industrial clients.

Net sales grew 31% to U.S.\$1.9 billion in 2023 compared to U.S.\$1.5 billion in 2022, primarily due to (1) the managing of inflation on GIMSA's cost structure; and (2) a higher sales volume.

Cost of sales increased 33% to U.S.\$1.5 billion in 2023 compared to U.S.\$1.1 billion in 2022 primarily due to (1) higher corn costs; and (2) higher volume sold. As a percentage of net sales, cost of sales rose to 77.0% in 2023 from 75.8% in 2022 due to higher costs relative to the sales mentioned above.

Selling and administrative expenses rose 30% to U.S.\$294.7 million in 2023 compared to U.S.\$226.1 million in 2022 due to (1) royalty payments to the corporate that were not present in 2022; (2) higher distribution expenses; and (3) higher commissions. Selling and administrative expenses as a percentage of net sales decreased to 15.3% in 2023 from 15.4%.

Other expense, net, were U.S.\$37.7 million in 2023 compared to U.S.\$14.1 million in 2022, mainly due to the volatility in corn prices and its effect on hedges in conjunction with asset write-offs.

Operating income decreased 4% to U.S.\$111.1 million in 2023 compared to U.S.\$115.6 million in 2022. Operating margin decreased to 5.8% from 7.9% in 2022.

### ***Gruma Europe***

Sales volume rose 2% to 419 thousand tons in 2023 compared to 410 thousand tons in 2022. The corn milling business drove growth stemming from the recovery of demand from the brewing industry and animal feed manufacturers. This performance was mitigated by the tortilla business, whose market showed greater price sensitivity.

Net sales increased 3% to U.S.\$435.5 million in 2023 compared to U.S.\$420.8 million in 2022 due to (1) the transfer of additional costs to revenues; and (2) a higher sales volume. This growth was mitigated by the increase in the volume sold of corn milling products, which have a lower price tag than tortillas.

Cost of sales sold decreased 2% to U.S.\$328.9 million in 2023 compared to U.S.\$334.0 million in 2022 due to lower raw material costs in line with the type of products sold during the period. As a percentage of net sales, cost of sales decreased to 75.5% in 2023 from 79.4% in 2022, mainly due to the decrease in costs relative to sales.

Selling and administrative expenses increased 7% in 2023 to U.S.\$84.2 million compared to U.S.\$78.9 million in 2022 due to (1) higher royalties paid by this subsidiary to the corporate; and (2) increased marketing expenses to support brand awareness. As a percentage of net sales, selling and administrative expenses increased to 19.3% in 2023 compared to 18.8% in 2022.

Other income, net, rose to U.S.\$1.6 million in 2023 compared to U.S.\$0.7 million in 2022, as a result of federal energy subsidies.

Operating income increased 182% to U.S.\$24.0 million in 2023 compared to U.S.\$8.5 million in 2022, and operating margin increased 350 basis points to 5.5% in 2023 from 2.0% in 2022.

### ***Gruma Centroamérica***

Sales volume decreased 4% to 233 thousand tons in 2023 compared to 243 thousand tons in 2022, mainly due to (1) lower demand for rice products; and (2) sensitivity in corn flour prices at the beginning of the year.

Net sales increased 13% to U.S.\$365.0 million in 2023 compared to U.S.\$322.6 million in 2022 due to (1) the transfer of additional costs and expenses to revenues; and (2) a more profitable product mix.

Cost of sales grew 8% to U.S.\$237.6 million in 2023 from U.S.\$220.2 million in 2022 due to (1) higher raw material costs; and (2) higher labor costs. As a percentage of net sales, it decreased to 65.1% from 68.3%.

Selling and administrative expenses increased 9% to U.S.\$84.1 million in 2023 compared to U.S.\$77.2 million in 2022, in line with (1) higher logistics and distribution costs; and (2) higher marketing costs. As a percentage of net sales, selling and administrative expenses decreased to 23.1% in 2023 from 23.9% in 2022.

Other expense (income), net, was U.S.\$0.8 million in 2023 compared to an income of U.S.\$0.2 million in 2022.

Operating income increased 67% to U.S.\$42.4 million compared to U.S.\$25.4 million in 2022. Operating margin expanded 370 basis points to 11.6% in 2023 from 7.9% in 2022.

### ***Gruma Asia-Oceania***

Sales volume remained stable at 96 thousand tons in 2023 compared to 97 thousand tons in 2022, mainly as a result of the effects of an extra week of operations in 4Q22, which occurs every six years in line with this division's fiscal year end. Without the extra week of operations, volume would have increased 2%, as a result of a positive performance by Australia and Malaysia.

Net sales increased 6% to U.S.\$257.1 million in 2023 compared to U.S.\$241.5 million in 2022 as a result of the implementation of pricing strategies to ward-off inflation and protect profitability.

Cost of sales grew 2% to U.S.\$182.7 million in 2023 from U.S.\$179.3 million in 2022 due to (1) higher labor costs; and (2) high fuel prices. As a percentage of net sales, it dropped to 71.0% from 74.2%.

Selling and administrative expenses increased 9% to U.S.\$55.5 million in 2023 compared to U.S.\$51.0 million in 2022, in line with (1) higher distribution and logistics costs; (2) higher marketing costs; and (3) higher commissions paid in line with higher revenues. As a percentage of net sales, selling and administrative expenses increased to 21.6% in 2023 from 21.1% in 2022.

Other expense, net, were U.S.\$0.0 million in 2023 compared to U.S.\$0.1 million in 2022.

Operating income increased 70% to U.S.\$19.0 million in 2023 compared to U.S.\$11.2 million in 2022. Operating margin expanded 280 basis points to 7.4% in 2023 from 4.6% in 2022.

## Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

### Consolidated Results

*For comparative purposes, it should be noted that during the fourth quarter, performance at Gruma USA and Gruma Asia-Oceania reflected the extraordinary effect of one additional week of operations, in line with the closing of their fiscal year-end accounting, which occurs every six years.*

Sales volume increased 3% in 2022 to 4,329 thousand tons, compared with 4,206 thousand tons in 2021. Strong demand for GRUMA's products across all divisions, mainly in the United States, supported volume growth during the period.

Net sales increased 21% to U.S.\$5.6 billion in 2022 compared to U.S.\$4.6 billion in 2021, mainly due to (1) a global pricing strategy to transfer cost growth to the top line of the income statement; and (2) volume growth.

Cost of sales rose 22% to U.S.\$3.6 billion in 2022 compared to U.S.\$3.0 billion in 2021, driven by (1) higher cost of raw materials; (2) elevated cost of labor; and (3) inflated costs for fuel and energy. Cost of sales as a percentage of net sales increased to 64.6% in 2022 from 64.0% in 2021, due to the aforementioned cost increases.

Selling and administrative expenses increased 18% to U.S.\$1.4 billion in 2022, compared to U.S.\$1.1 billion in 2021. Higher expenses were due to (1) greater commissions paid in light of volume and net sales expansion; and (2) inflationary pressures on distribution costs. Selling and administrative expenses as a percentage of net sales decreased to 24.1% in 2022 from 24.7% in 2021.

Other expense (income), net, was U.S.\$18.1 million in 2022 compared to an income of U.S.\$34.9 million in 2021. The U.S.\$53.0 million swing was mainly due to losses on GRUMA's hedging positions.

Operating income increased 10% to U.S.\$610.1 million in 2022 compared to U.S.\$553.7 million in 2021, mainly due to the aforementioned commercial strategies to offset inflationary pressures, coupled with volume growth. Operating margin contracted to 10.9% in 2022 from 12.0% in 2021.

Comprehensive financing cost, net, increased 23% to U.S.\$100.1 million in 2022 compared to U.S.\$81.6 million in 2021. This mainly reflected a higher level of indebtedness on the back of greater net working capital needs during 2022, in addition to a higher reference rate on the debt in pesos as well as on the U.S. dollar denominated debt.

Income taxes increased 12% to U.S.\$190.9 million in 2022 compared to U.S.\$169.9 million in 2021 due to higher income before taxes. The effective rate was 37.4% in 2022 versus 36.0% in 2021.

Net income attributable to controlling interest increased 6% to U.S.\$319.2 million in 2022 versus U.S.\$302.2 million in 2021, primarily due to the aforementioned performance.

### Results of Subsidiaries

#### *Gruma USA*

Sales volume increased 5% to 1,605 thousand tons in 2022 compared to 1,522 thousand tons in 2021. The increase was mainly generated by both the tortilla and corn flour businesses. Gruma USA had an extraordinary effect of one more week of operations during 4Q22, which occurs every six years in line with its fiscal year-end accounting closings.

Strong demand for "Better for You" products in conjunction with greater growth in tortilla corn products supported tortilla growth, while demand from industrial clients and a consumer preference for home cooking spurred growth in the corn flour business. The corn flour and tortilla businesses grew 5% and 6% respectively as a result of a strong demand and greater brand awareness.

Net sales increased 23% to U.S.\$3.2 billion in 2022, compared to U.S.\$2.6 billion in 2021 due to (1) the transfer of incremental costs to revenues as a part of GRUMA's commercial strategy on the back of the impact of inflation; and (2) higher volume sold.

Cost of sales increased 27% to U.S.\$1.9 billion in 2022 compared to U.S.\$1.5 billion in 2021, due to (1) higher raw material costs; (2) higher labor costs; and (3) greater volume sold. As a percentage of net sales, cost of sales increased to 59.1% in 2022 from 57.5% in 2021, due to the dynamics between revenue and costs mentioned above.

Selling and administrative expenses increased 18% to U.S.\$863.6 million in 2022 compared to U.S.\$733.8 million in 2021, due to (1) higher distribution and logistics costs; (2) higher commissions in line with higher prices; and (3) greater sales volume. As a

percentage of net sales, selling and administrative expenses decreased to 27.0% from 28.3% due to the increase in revenues relative to the aforementioned expenses.

Other expense, net, was U.S.\$2.8 million in 2022 compared to U.S.\$1.2 million in 2021.

Operating income increased 20% to U.S.\$440.9 million in 2022 compared to U.S.\$368.9 million in 2021 and operating margin decreased to 13.8% from 14.2%.

### ***GIMSA***

Sales volume increased 1% to 2,076 thousand tons in 2022 compared to 2,047 thousand tons in 2021, due to (1) a higher demand stemming from inflationary pressures on the consumer; (2) a recovery of clients after the pandemic effects; and (3) normalization of corporate client accounts after the selectivity process carried out in this division.

Net sales grew 20% to U.S.\$1.5 billion in 2022 compared to U.S.\$1.2 billion in 2021, mainly due to the transferring of additional costs to revenues as a result of inflationary pressures.

Cost of sales increased 20% to U.S.\$1.1 billion in 2022 compared to U.S.\$933.4 million in 2021 mainly due to (1) higher corn costs and raw materials overall, (2) elevated fuel and energy prices; and (3) greater volume sold. As a percentage of net sales, cost of sales decreased to 75.8% in 2022 from 76.2% in 2021 due to the higher revenue growth relative to costs mentioned above.

Selling and administrative expenses increased 13% to U.S.\$226.1 million in 2022 compared to U.S.\$199.3 million in 2021 due to (1) higher distribution and logistics costs; and (2) greater volume sold. Selling and administrative expenses as a percentage of net sales decreased to 15.4% in 2022 from 16.3%.

Other expense (income), net, was U.S.\$14.1 million in 2022 compared to an income of U.S.\$21.9 million in 2021, mainly due to the volatility of corn prices and its effect on hedging.

Operating income grew 1% to U.S.\$115.6 million in 2022 compared to U.S.\$114.6 million in 2021. Operating margin decreased to 7.9% versus 9.4% in 2021.

### ***Gruma Europe***

Sales volume increased 5% to 410 thousand tons in 2022 compared to 389 thousand tons in 2021. The corn milling business grew 3% due to (1) strong demand for byproducts and animal feed during the year; (2) elevated demand from Southeast Europe as economies recovered from pandemic effects despite the logistics challenges caused by the war in Ukraine. The tortilla business showed an 11% increase mainly due to positive performance in the retail channel on the back of a greater number of distributors and more demand for GRUMA's products.

Net sales increased 26% to U.S.\$420.8 million in 2022 compared to U.S.\$334.6 million in 2021 due to (1) the implementation of higher prices in the regions where this division has a presence; and (2) greater volume sold.

Cost of sales increased 29% to U.S.\$334.0 million in 2022 compared to U.S.\$259 million in 2021 due to (1) higher cost of corn; (2) inflationary pressures on raw materials; (3) elevated cost of fuel and energy; and (4) greater volume sold. As a percentage of net sales, cost of sales increased to 79.4% in 2022 from 77.4% in 2021, mainly due to the increase in costs relative to sales made.

Selling and administrative expenses increased 22% in 2022 to U.S.\$78.9 million compared to U.S.\$64.5 million in 2021 due to (1) elevated logistics and distribution costs; (2) higher volume; and (3) higher commissions paid as a result of stronger revenues. As a percentage of net sales, selling and administrative expenses decreased to 18.8% in 2022 compared to 19.3% in 2021 due to higher revenues.

Other income, net, decreased to U.S.\$0.7 million in 2022 compared to U.S.\$16.7 million in 2021, as a result of extraordinary gains from the sale of property and an insurance claim in 2021.

Operating income decreased 69% to U.S.\$8.5 million in 2022 compared to U.S.\$27.8 million in 2021, and operating margin decreased 630 basis points to 2.0% in 2022 from 8.3% in 2021.

### ***Gruma Centroamérica***

Sales volume increased 3% to 243 thousand tons in 2022 compared to 237 thousand tons in 2021, mainly due to (1) successful marketing efforts; (2) higher distribution; (3) greater availability of SKU's introduced to the market; and (4) economic recovery in the region.

Net sales increased 22% to U.S.\$322.6 million in 2022 compared to U.S.\$264.1 million in 2021 in line with the implementation of price increases during 2022.

Cost of sales grew 17% to U.S.\$220.2 million in 2022 from U.S.\$187.5 million in 2021 due to (1) higher cost of corn; and (2) elevated costs for raw materials in general, including fuel and energy. As a percentage of net sales, it decreased to 68.3% from 71.0%.

Selling and administrative expenses increased 25% to U.S.\$77.2 million in 2022 compared to U.S.\$61.7 million in 2021 in line with (1) greater volume sold; (2) higher distribution and logistics costs; (3) cost growth in fuel and energy; and (4) higher marketing costs. SG&A as a percentage of net sales, increased to 23.9% in 2022 from 23.4% in 2021.

Other income, net, was U.S.\$0.2 million in 2022 compared to U.S.\$0.4 million in 2021.

Operating income increased 67% to U.S.\$25.4 million compared to U.S.\$15.2 million in 2021. Operating margin expanded 210 basis points to 7.9% in 2022 from 5.8% in 2021.

### ***Gruma Asia-Oceania***

Sales volume increased by 1% to 97 thousand tons in 2022 from 95 thousand tons in 2021 on the back of strong demand from Australia and Malaysia in addition to the paced recovery in China.

Net Sales grew by 1% to U.S.\$241.5 million in 2022 compared to U.S.\$240.2 million in 2021 in line with (1) the higher price implementation strategies in 2022; and (2) volume expansion.

Cost of Sales increased by 8% to U.S.\$179.3 million in 2022 from U.S.\$165.7 million in 2021 due to (1) higher raw material costs; (2) challenges brought on by the effects of COVID 19 in the region; and (3) greater volume. As a percentage of net sales, cost of sales increased to 74.2% from 69.0%.

Selling and administrative expenses increased 3% to U.S.\$51.0 million in 2022 compared to U.S.\$49.4 million in 2021 in line with (1) higher logistics and distribution costs; and (2) greater sales commissions paid in line with higher volume sold and higher prices. SG&A as a percentage of net sales increased to 21.1% in 2022 from 20.6% in 2021.

Other expense, net, was U.S.\$0.1 million in 2022 compared to U.S.\$0.0 million in 2021.

Operating income decreased 55% to U.S.\$11.2 million compared to U.S.\$25.1 million in 2021. Operating margin decreased 580 basis points to 4.6% in 2022 from 10.4% in 2021.

### ***3.4.3. Financial Condition, Liquidity and Capital Resources***

Historically, we have generated and expect to continue to generate positive cash flow from operations. Cash flow from operations primarily represents inflows from net earnings (adjusted for depreciation and other non-cash items) and outflows from increases in working capital needed to grow our business. Cash flow used in investing activities represents our investment in property and capital equipment required for our growth, as well as our acquisition activity. Cash flow from financing activities is primarily related to changes in indebtedness borrowed to grow the business or indebtedness repaid with cash from operations or refinancing transactions as well as dividends paid.

Our principal capital needs are for working capital, capital expenditures related to maintenance, expansion and acquisitions and debt service. Our ability to fund our capital needs depends on our ongoing ability to generate cash from operations, overall capacity and terms of financing arrangements and our access to the capital markets. We believe that our future cash from operations together with our access to funds available under such financing arrangements and the capital markets will provide adequate resources to fund our foreseeable operating requirements, capital expenditures, acquisitions and new business development activities.

We fund our liquidity and capital resource requirements, in the ordinary course of business, through a variety of sources, including:

- cash generated from operations;
- uncommitted and committed short-term and long-term lines of credit;
- occasional offerings of medium- and long-term debt; and
- sales of our equity securities and those of our subsidiaries and affiliates from time to time.

The following is a summary of the principal sources and uses of cash for the three years ended December 31, 2023, 2022 and 2021.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	(thousands of US dollars)		
Resources generated by (utilized in):			
Operating activities .....	U.S.\$ 740,979	U.S.\$ 300,266	U.S.\$ 560,948
Investing activities .....	(183,539)	(298,360)	(258,164)
Financing Activities .....	(499,109)	34,622	(347,637)

During 2023, net cash generated from operations was U.S.\$741.0 million which includes working capital used of U.S.\$301.2 million, of which U.S.\$2.4 million was due to a decrease in accounts receivable, U.S.\$44.3 million reflected a decrease in inventory, U.S.\$143.9 million reflected a decrease in accounts payable and U.S.\$212.4 million of income tax paid. Net cash used from financing activities during 2023 was U.S.\$499.1million, of which U.S.\$1,156.2 million reflected payments of debt, U.S.\$988.9 million of proceeds from borrowings, U.S.\$124.8 million in cash interest payments, U.S.\$75.9 million in payments of liabilities and interest of leases, U.S.\$111.7 million of dividends paid to our shareholders and U.S.\$19.4 million of acquisition of own shares. Net cash used for investment activities during 2023 was U.S.\$183.5 million, primarily attributable to investments for capacity expansions, general manufacturing upgrades and efficiency improvements in our subsidiaries in the U.S., Europe, Mexico and Asia and Oceania by U.S.\$211.0 million.

Factors that could decrease our sources of liquidity include a significant decrease in the demand for, or price of, our products, each of which could limit the amount of cash generated from operations, and a lowering of our corporate credit rating or any other credit downgrade, which could impair our liquidity and increase our costs with respect to new debt and cause our stock price to suffer. Our liquidity is also affected by factors such as the depreciation or appreciation of the peso and changes in interest rates. See “Section 3.4.3. Financial Condition, Liquidity and Capital Resources —Indebtedness.”

On September 25, 2018 the CNBV authorized through resolution number 153/12315/2018 our short- and long-term revolving Debt Securities (*Certificados Bursátiles*) program for a total amount of Ps.8 billion, limiting the short-term issuances not to exceed Ps.3 billion. The program was authorized for a 5-year term. The first issuance under this program was issued on September 27, 2018 for Ps.3 billion and the second issuance was issued on May 21, 2021 for Ps. 2 billion.

On October 10, 2022, the CNBV authorized through resolution number 153/3331/2022 our short and long term revolving Debt Securities (*Certificados Bursátiles*) program for a total amount of Ps.10 billion, limiting the short-term issuances not to exceed Ps.3 billion, this program replaces the program authorized on September 25, 2018. Several issuances may be made under the program, provided however, that the outstanding principal of the totality of the outstanding Debt Securities (*Certificados Bursátiles*) does not exceed the total authorized amount of the program. Each issuance of the Debt Securities (*Certificados Bursátiles*) as per the program will have its own specifications in terms of amount, date, term, interest rate, periodicity of interest payments, among others, which will be agreed to and documented in each issuance. The program will have a 5-year term. The first issuance under this program was issued on October 13, 2022 for Ps.4.5 billion. See “Section 3.3. Relevant Credit Facilities Report” for further details.

As further described below, Gruma, S.A.B. de C.V. is subject to financial covenants contained in its debt agreements which requires it to maintain certain financial ratios, among other limitations. Gruma USA is also subject to financial covenants contained in one of its debt agreements which require it to maintain certain financial ratios. A default under any of our existing debt obligations for borrowed money could result in acceleration of the due dates for payment of the amounts owing thereunder and, in certain cases, in a cross-default under some of our existing credit agreement, including the supplement of the Debt Securities (*Certificados Bursátiles*) Gruma 21 and Gruma 22, as well as the indenture governing our 2024 Notes. See “Section 3.3. Relevant Credit Facilities Report.”

Some credit agreements require to maintain a net leverage ratio no greater than 3.5:1, and an interest coverage ratio no lower than 2.5:1. As of December 31, 2023, Gruma, S.A.B. de C.V.'s net leverage ratio was 1.5:1, and the interest coverage ratio was 6.9:1. Likewise, Gruma Corporation is required to maintain an overall leverage ratio no greater than 3.5:1x and an interest coverage ratio no lower than 2:5:1. See "Section 3.4.3. Financial Condition, Liquidity and Capital Resources — Indebtedness." As of December 31, 2023, Gruma Corporation's leverage net ratio was 0.34x, therefore the applicable interest rate range under the Gruma Corporation Revolving Credit Facility in case of disposition would be SOFR + 125 bp.

The members of the Primary Shareholder Group may pledge the totality or part of their shares in us to guarantee any obligation, including any future borrowings. In the event of any default where lenders exercise their rights against any and all of these shares, the Primary Shareholder Group could lose its controlling interest in us resulting in a change of control. This, in turn, could trigger a default in some of our credit agreements if the established conditions under the terms of the corresponding credit agreements are met, resulting in a default of other debt documents. A Change of Control could also require us to make an offer to repurchase debt, as per the terms in our debt agreements. Said default or repurchase obligation could have a material adverse effect upon our business, financial condition, results of operations and prospects. See "Section 4.3.3. Major Shareholders" for further detail.

Our long-term corporate credit rating on a global scale is "BBB+" and "BBB" by Fitch and Standard & Poor's, respectively. On August 26, 2021, Fitch improved the credit rating of Gruma to BBB+ from BBB due to its solid business position, recognized brands, geographical diversification, and favorable demographic and consumer trends.

In addition, the issuance of Debt Securities (*Certificados Bursátiles*) in the local market were rated as "AAA (mex)" and "mxAA+" by Fitch and Standard & Poor's, respectively. We also have a short-term rating of "F1+(mex)" and "mxA-1+" in the national scale by Fitch and Standard & Poor's, respectively.

If our financial condition deteriorates, we may experience future declines in our credit ratings, with attendant consequences. Our access to external sources of financing, as well as the cost of that financing, has been and may continue to be adversely affected by a deterioration of our long-term debt ratings. A downgrade in our credit ratings may continue to increase the cost of and/or limit the availability of unsecured financing, which may make it more difficult for us to raise capital when necessary. If we cannot obtain adequate capital on favorable terms, or at all, our business, operating results and financial condition would be adversely affected. However, management believes that its working capital and available external sources of financing are sufficient for our present requirements.

## **Indebtedness**

Our indebtedness bears interest at fixed and floating rates. As of December 31, 2023, approximately 52% of our outstanding indebtedness bore interest at fixed rates and approximately 48% bore interest at floating rates. From time to time, we partially hedge both our interest rate exposure and our foreign exchange rate exposure as discussed below. See "Section 3.3. Relevant Credit Facilities Report."

We are exposed to market risks derived from changes in interest rates, exchange rates, stock prices and supplies prices. Occasionally, we use derivative instruments in a selective way to manage these risks. See "Section 3.4.3. Financial Condition, Liquidity and Capital Resources — Treasury Policy". As of December 31, 2023, 2022 and 2021, our total debt was approximately U.S.\$1,527 million, U.S.\$1,609 million and U.S.\$1,188 million, respectively. As of December 31, 2023, our long-term debt was approximately U.S.\$1,116 million.

As of December 31, 2023, approximately 73% of our total debt was U.S. dollar-denominated, 25% in Mexican Pesos and 2% in euros.

Our credit agreements currently in force contain event of default provisions, which include: (i) non-payment default regarding principal or interests; (ii) cross default and cross acceleration in connection with some of our other indebtedness; (iii) affirmative and negative covenants default; (iv) declaration or request of bankruptcy, liquidation or proceedings seeking *concurso mercantil*; (v) delivery of false or incorrect material information; and (vi) change of control provisions. The foregoing events of default are applicable pursuant to the terms and conditions set forth in such credit agreements, including without limitation certain exceptions and baskets and cure periods.

As of December 31, 2023, we were in compliance with all of the covenants and obligations under our existing debt agreements.

During 2022 and 2023, the Company increased its committed lines of credit to the amount of U.S.\$765 million, this is in anticipation of the expected increase in short-term maturities. As of December 31, 2023, there was an available balance of U.S.\$765 million. The balance of committed lines available is greater than the current debt, which amounted to U.S.\$411.2 million as of December

31, 2023. The vast majority of the current debt is composed of Notes due in 2024 for U.S.\$400 million, which mature on December 1, 2024. The company has analyzed alternatives for refinancing the Notes due in 2024 and monitors, among other alternatives, the international debt market and bank debt.

As of December 31, 2023, we had total cash and cash equivalents of U.S.\$350 million.

The following table presents our amortization requirements with respect to our total indebtedness as of December 31, 2023.

Year	In Millions of U.S. Dollars
2024.....	411.2
2025.....	258.8
2026.....	209.3
2027.....	390.3
2028 and thereafter.....	257.4
<b>Total.....</b>	<b>1,526.9</b>

The following table sets forth our ratios of consolidated debt to total capitalization (i.e., consolidated debt plus total stockholders' equity) and consolidated liabilities to total stockholders' equity as of the dates indicated. For purposes of these ratios, consolidated debt includes short-term debt.

Date	Ratio of Consolidated Debt to Total Capitalization	Ratio of Consolidated Liabilities to Total Stockholders' Equity
December 31, 2021.....	0.51	1.66
December 31, 2022.....	0.58	2.06
December 31, 2023.....	0.51	1.54

### Treasury Policy

The company maintains centralized treasury operations.

GRUMA's short-term liquid assets are invested primarily in peso denominated short-term instruments, liquid government bonds, directly with top tier financial institutions in interests bearing accounts or in short-term debt instruments issued by companies with a minimum "A" rating or its equivalent. GRUMA also invests in dollar denominated instruments, interests bearing accounts, including short-term bank instruments and other short-term securities issued by first tier financial institutions.

The excess liquidity of Gruma USA, our division in the United States, is invested in US short-term government instruments, or in money market funds, all of these in financial institutions or in securities with ratings of at least "A1/P1".

We maintain and control our treasury operations and global financial risks through practices approved by our executive team and Board of Directors.

### Off-balance Sheet Arrangements

As of December 31, 2023, we do not have any outstanding off-balance sheet arrangements.

#### 3.4.4. Internal Control

##### (a) Disclosure controls and procedures.

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, of the effectiveness of the design and operation of our disclosure



controls and procedures as of December 31, 2023. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, as appropriate to allow timely decisions regarding required disclosure.

*(b) Management's annual report on internal controls over financial reporting.*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our Board of Directors, Chief Executive Officer, Chief Financial Officer, Chief Administrative Officer and other personnel, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (v.2013) by the Committee of Sponsoring Organizations of the Treadway Commission.

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on our evaluation under the framework in Internal Control—Integrated Framework (v.2013), our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

*(c) Changes in internal control over financial reporting.*

There has been no change in our internal control over financial reporting during 2023 that has materially affected, or is reasonably likely that could materially affect, our internal control over financial reporting.

### **3.5. CRITICAL ACCOUNTING ESTIMATES, PROVISIONS OR RESERVES**

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our audited consolidated financial statements, which have been prepared in accordance with the accounting IFRS as issued by the IASB. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period.

We have identified certain key accounting estimates that are used to determine our financial condition and results of operations. These key accounting estimates often involve complex matters or are based on subjective judgments or decisions that require management to make estimates and assumptions that affect the amounts reported in our financial statements. We have identified below the most critical accounting principles that involve a higher degree of judgement and complexity and that management believes are important to a more complete understanding of our financial position and results of operations. Additional accounting policies that are also used in the preparation of our audited consolidated financial statements are outlined in the notes thereto included in this annual report.

#### *Property, Plant and Equipment*

We depreciate our property, plant and equipment over their respective estimated useful lives. Useful lives are based on management's estimates of the period that the assets will remain in service and generate revenues. Estimates are based on independent appraisals and the experience of our technical personnel. We review the assets' residual values and useful lives each year to determine

whether they should be changed, and adjusted if appropriate. To the extent that our estimates are incorrect, our periodic depreciation expense or carrying value of our assets may be impacted.

Under the accounting IFRS, we are required to test long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable for property, plant and equipment. When the carrying amount exceeds the recoverable amount, the difference is accounted for as an impairment loss. The recoverable amount is the higher of (1) the long-lived assets (asset group's) fair value less costs to sell, representing the amount obtainable from the sale of the long-lived asset (asset group) in an arm's length transaction between knowledgeable, willing parties less the costs of disposal and (2) the long-lived assets (asset group's) value in use, representing its future cash flows discounted to present value by using a rate that reflects the current assessment of the time value of money and the risks specific to the long-lived asset (asset group) for which the cash flow estimates have not been adjusted.

The estimates of cash flows take into consideration expectations of future macroeconomic conditions as well as our internal strategic plans. Therefore, inherent to the estimated future cash flows is a certain level of uncertainty which we have considered in our valuation; nevertheless, actual future results may differ.

Primarily as a result of plant rationalization, certain facilities and equipment are not currently in use in operations. We have recorded impairment losses related to certain of those assets and additional losses may potentially occur in the future if our estimates are not accurate and/or future macroeconomic conditions differ significantly from those considered in our analysis.

#### *Goodwill and Other Intangible Assets*

Intangible assets with definite lives are amortized on a straight-line basis over estimated useful lives. Management exercises judgment in assessing the useful lives of other intangible assets including patents and trademarks, customers' lists and software for internal use. Under the accounting IFRS, goodwill and indefinite-lived intangible assets are not amortized, but are subject to impairment tests either annually or earlier in the case of a triggering event.

A key component of the impairment test is the identification of cash-generating units and the allocation of goodwill to such cash-generating units. Estimates of fair value are primarily determined using discounted cash flows. Cash flows are discounted at present value and an impairment loss is recognized if such discounted cash flows are lower than the net book value of the cash-generating units.

These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and also the magnitude of any such charge. We perform internal valuation analyses and consider relevant internal data as well as other market information that is publicly available.

This approach uses significant estimates and assumptions including projected future cash flows (including timing), a discount rate reflecting the risk inherent in future cash flows and a perpetual growth rate. Inherent in these estimates and assumptions is a certain level of risk which we believe we have considered in our valuation. Nevertheless, if future actual results differ from estimates, a possible impairment charge may be recognized in future periods related to the write-down of the carrying value of goodwill and other intangible assets.

#### *Income Tax*

We are subject to income taxes in many jurisdictions. A significant judgment is required in the determination of the global provision for income taxes due to complex tax regulations, changes in tax laws and the amount and future taxable income. There are many transactions and calculations for which the final tax determination is uncertain. Where the final tax result is different from the amounts initially recorded, such differences will have an effect on current income tax and deferred income tax assets and liabilities in the period when the determination is made.

We record deferred income tax assets and liabilities using enacted tax rates for the effect of temporary differences between the book and tax basis of assets and liabilities. If enacted tax rates change, we adjust the deferred tax assets and liabilities through the provision for income tax in the period of change, to reflect the enacted tax rate expected to be in effect when the deferred tax items reverse. Under the accounting IFRS, a deferred tax asset must be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

## *Fair Value of Derivatives and Other Financial Instruments*

We use derivative financial instruments in the normal course of business, primarily to hedge certain operational and financial risks to which we are exposed, including without limitation: (i) future, swaps and options contracts for certain key production requirements like natural gas, heating oil and some raw materials such as corn and wheat, in order to minimize the cash flow variability due to price fluctuations; (ii) interest rate swaps, with the purpose of managing the interest rate risk related to our debt; and (iii) exchange rate forward and option contracts (mainly Mexican peso to U.S. dollar or other currencies).

We account for derivative financial instruments used for hedging purposes either as cash-flow hedges or fair value hedges with changes in fair value reported in other comprehensive income and earnings, respectively. Derivative financial instruments not designated as an accounting hedge are recognized at fair value, with changes in fair value recognized currently in income.

We use our judgment to select from a variety of methods and make assumptions that are mainly based on existing market conditions at the end of each reporting period. When available, we measure the fair value of the derivatives and other financial instruments based on quoted market prices. If quoted market prices are not available, we estimate the fair value of derivatives and other financial instruments using industry standard valuation models. When applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rates, currency rates, volatilities, among others. Also included in the determination of the fair value of our liability positions is our own credit risk, which has been classified as an unobservable input.

Many of the factors used in measuring fair value are outside the control of management, and these assumptions and estimates may change in future periods. Changes in assumptions or estimates may materially affect the fair value measurement of derivatives and other financial instruments.

## *Employee Benefits*

We recognize liabilities in our balance sheet and expenses in our income statement to reflect our obligations related to our post-employment benefits (retirement plan and seniority premium). The amounts we recognize are determined on an actuarial basis that involves many estimates and accounts for these benefits in accordance with the accounting IFRS.

We use estimates in three specific areas that have a significant effect on these amounts: (a) the rate of increase in salaries that we assume we will observe in future years, (b) the discount rate that we use to calculate the present value of our future obligations and the expected returns on plan assets and (c) the expected rate of inflation. The assumptions we have applied are identified in Note 18 to our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended in said dates. These estimates are determined based on actuarial studies performed by independent experts using the projected unit credit method. The latest actuarial computation was prepared as of December 31, 2023. We review the estimates each year, and if we change them, our reported expense for post-employment benefits may increase or decrease according to market conditions.

## **4. MANAGEMENT**

### **4.1. EXTERNAL AUDITORS**

The approval of the Board of Directors, through the Audit Committee, is required for (i) the designation or, where applicable, the annual ratification of the firm in charge of the external audit; if applicable (ii) the replacement of the firm or the external auditor in charge of the audit; (iii) the contracting of services other than the external audit of financial statements; and (iv) the fees amount for both the external audit service and services other than the external audit of financial statements. Additionally, we have adopted approval policies and procedures under which all audit and non-audit services provided by our external auditors must be approved by the audit committee and the Board of Directors. Any service proposals submitted by external auditors need to be discussed and approved by the audit committee and the Board of Directors during its meetings, which take place at least four times a year. Once the proposed service is approved, we or our subsidiaries formalize the engagement of services. The approval of any audit and non-audit services to be provided by our external auditors is specified in the minutes of our audit committee, as well as in the corresponding minutes of the Board of Directors meetings. In addition, the members of our Board of Directors are briefed on matters discussed in the meetings of the audit committee.

In the last three fiscal years there has been no change in the external auditors of GRUMA. In the last three fiscal years the external auditors have not issued any reserved opinion, negative opinion, nor have abstained from issuing an opinion regarding GRUMA's consolidated financial statements.

The procedure to appoint the external auditors is mainly based on the following:

- International presence based in the coverage of countries where GRUMA has operations and the coverage of countries worldwide.
- Capability and experience in Mexican companies regulated by the CNBV.
- Costs of the audit fees.
- Quality of the audit services.

The Board of Directors of GRUMA is in charge of approving the changes of auditors, with the endorsement of the Audit Committee.

The services rendered to GRUMA during 2023, 2022 and 2021 by the external auditors, different to those of audit, were:

- Transfer pricing studies for tax purposes.
- Review of Federal and State taxes, general tax consultations and other tax advice.
- Validation services of joint and several obligations of the Labor Reform, as well as the analysis and evaluation of said reform.
- IMSS and INFONAVIT opinions
- ESG Diagnostic Service
- Others.

*Fees for Audit and Non Audit Services*

The following table sets forth the fees billed to us and our subsidiaries by our independent public accountants, PricewaterhouseCoopers, during the fiscal years ended December 31, 2023, 2022 and 2021:

	Year ended December 31,					
	2023		2022		2021	
	Thousands of US dollars	Percentage of Total Fees	Thousands of US dollars	Percentage of Total Fees	Thousands of US dollars	Percentage of Total Fees
Audit Fees.....	U.S.\$ 4,276	74%	U.S.\$ 3,979	83%	U.S.\$ 3,863	89%
Tax Fees.....	898	16%	757	16%	459	10%
Other Fees.....	600	10%	50	1%	40	1%
Total Fees.....	U.S.\$ 5,774	100%	U.S.\$ 4,786	100%	U.S.\$ 4,362	100%

Audit fees in the above table are the aggregate fees billed by PricewaterhouseCoopers in connection with the audit of our annual financial statements, the review of our interim financial statements and statutory and regulatory audits.

Tax fees in the above table are fees billed by PricewaterhouseCoopers for tax compliance services, preparation of transfer pricing studies and tax advice services.

Other fees in the above table are fees billed by PricewaterhouseCoopers for services other than the auditing of annual financial statements, mainly related to accounting advice on the implementation of new accounting standards as permitted by the applicable independence rules.

**4.2. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**

The transactions set forth below were made in the ordinary course of business, on substantially similar terms as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features.

*Transactions with Subsidiaries*

We periodically enter into short-term credit arrangements with our subsidiaries, where we provide them with funds, or they provide us with funds at market interest rates.

Prior to October 2018, GRUMA and GIMSA executed short-term loan agreements to share their excess cash flows. However, as of October 2018, GRUMA and GIMSA started operating under a current account agreement and paying active and passive market interest rates. On December 31, 2021, GRUMA had an outstanding balance owed to GIMSA under the current account agreement of U.S.\$1.71 million with a 5.74% interest rate. As of December 31, 2022, GRUMA had a debt with GIMSA of U.S.\$43 million with a 10.42% interest rate. At its highest point in June 2022, GRUMA had an outstanding balance owed to GIMSA of U.S.\$251 million. As of December 31, 2023, GIMSA had an outstanding balance owed to GRUMA of U.S.\$8.9 million with a 11.41% interest rate. As of March 31, 2024, and as of the filing date of this report, GRUMA had an outstanding balance owed to GIMSA of U.S.\$138.8 million with a 10.98% interest rate.

As of September of 2001, Gruma Corporation started to grant loans to GRUMA. Since 2021 these operations, at their peak, from January 2021 to June 2022, reached the amount of U.S.\$60 million. The average annual interest rate for these loans during 2023, 2022 and 2021 was of 5.68%, 1.99%, and 0.90%, respectively. Likewise, as of December 31, 2023, as of March 31, 2024, and as of the filing date of this report, there were loans from Gruma Corporation to GRUMA of U.S.\$50 million.

Likewise, GRUMA has entered into license agreements with GIMSA and Azteca Milling. L.P. See “Section 2.2.3. Patents, Licenses, Trademarks and other Agreements.”

All the above-mentioned intercompany transactions are eliminated from the audited financial statements.

For more information about related party transactions, please see Note 29 to our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended in said dates.

#### 4.3. MANAGEMENT AND SHAREHOLDERS

Our management is vested in our Board of Directors. Our day to day operations are handled by our executive officers.

##### 4.3.1. Board of Directors

Our bylaws require that our Board of Directors be composed of a minimum of five and a maximum of twenty-one directors, as decided at our Ordinary General Shareholders’ Meeting. Pursuant to the Mexican Securities Law, at least 25% of the members of the board of directors must be independent. In addition, under Mexican law, any holder or group of holders representing 10% or more of our capital stock may elect one director.

The Board of Directors, which was elected at the Ordinary General Shareholders’ Meeting held on April 26, 2024, currently consists of 11 directors, one of which is female (9% of the Board of Directors), and seven of our directors are independent within the meaning of the Mexican Securities Law. At said meeting, Mr. Juan A. González Moreno was ratified as Chairman of our Board of Directors as well as Mr. Carlos Hank Gonzalez as Vice Chairman. The following table sets forth the current members of our Board of Directors, their ages, years of service, principal occupations, outside directorships, other business activities and experience, their directorship classifications as defined in the Code of Best Corporate Practices issued by a committee formed by the *Consejo Coordinador Empresarial*, or Mexican Entrepreneur Coordinating Board, and their alternates. The terms of their directorships are for one year or for up to thirty additional days if no designation of their substitute has been made or if the substitute has not taken office.

Juan A. González Moreno	Age:	66
	Years as Director:	30
	Main Occupation:	Chairman of the Board and Chief Executive Officer of GRUMA
	Outside Directorships:	Director of Grupo Financiero Banorte, Banco Mercantil del Norte, Fundación Gruma, Consejo Mexicano de Hombres de Negocios, Fondo Ambiental Metropolitano de Monterrey, and Museo del Acero.
	Business Experience:	Several positions within GRUMA, including Managing Director of Special Projects of Gruma USA, Chief Executive Officer of Azteca Milling, Vice President of Central and Eastern Regions of Mission Foods, Chief Sales Officer and Vice President of Sales of Azteca Milling, and Chief Executive Officer of Gruma Asia-Oceania
	Directorship Type:	Shareholder, Related

Carlos Hank González	Age: Years as Director: Main Occupation:  Outside Directorships:  Business Experience:  Directorship Type:	52 11 Vice-Chairman of the Board of GRUMA; Chairman of the Board of Grupo Financiero Banorte and Banco Mercantil del Norte; Chief Executive Officer of Grupo Hermes and Automotriz Hermer; Chairman of the Banorte Foundation Director of Grupo Hermes; Chairman of the Board of Cerrey; Independent Director of Grupo Televisa; Director of Bolsa Mexicana de Valores Chief Executive Officer of Grupo Financiero Interacciones, of Interacciones Casa de Bolsa, of Banco Interacciones, of Grupo Industrial Hermes, of Automotriz Hermer, and Deputy Chief Executive Officer of Grupo Financiero Banorte. Shareholder, Related
Homero Huerta Moreno	Age: Years as Director: Main Occupation: Outside Directorships: Business Experience:  Directorship Type:	61 11 Chief Administrative Officer of GRUMA None Several positions within GRUMA, including Vice- President of Corporate Internal Audit, of IT, of Controllershship for Gruma USA, and of Finances and Administration for Gruma Venezuela Related
Laura Dinora Martínez Salinas	Age: Years as Director: Main Occupation: Outside Directorships: Business Experience:  Directorship Type:	40 3 Partner at Martínez Salinas Abogados, S.C. None Several positions in local and international law firms, mainly with a financial and securities approach. Related
Gabriel A. Carrillo Medina	Age: Years as Director: Main Occupation: Outside Directorships: Business Experience:  Directorship Type:	67 11 Chairman and shareholder of Mail Rey and Detecno None Chairman of Asociación de Casas de Bolsa de Nuevo León and Club Deportivo San Agustín, several positions within Interacciones Casa de Bolsa, including Chief Financial Officer Independent
Everardo Elizondo Almaguer	Age: Years as Director: Main Occupation:  Outside Directorships:  Business Experience:  Directorship Type:	80 10 Economics Professor at EGADE/ITESM, Economics Professor at UANL and regular Columnist of Reforma/El Norte and Chairman of Centro de Estudios Sociales del Noreste A.C. Director of Grupo Financiero Banorte, Autlán, Rassini, Cemex and Afore XXI Banorte, Member of the External Advisory Council of UANL Economic Investigations Director of Grupo Industrial Alfa Economic Studies Director of Grupo Financiero Bancomer and Deputy Director of Banco de México Independent
Jesús Oswaldo Garza Martínez	Age:	67

	Years as Director:	8
	Main Occupation:	Advisor to Chief Executive Officer of Grupo Financiero Afirme and financial consultant
	Outside Directorships:	Director of Grupo Financiero Afirme and Aseguradora Afirme, Banco de Inversión Afirme; and of Fondos de Inversión Afirme
	Business Experience:	Director of Grupo Financiero Banorte, Casa de Bolsa Banorte, Banorte-IXE Tarjetas, Seguros Banorte and Afore XXI Banorte, Chairman of Centro Bancario del Estado de Nuevo León, Regional Director of Banco de México, Commercial Chief Executive Officer of Banco Mercantil del Norte, Profesor at the Graduate School of Banking at LSU, and several executive positions at Banco Bilbao Vizcaya, Casa de Bolsa Probursa and Valores Finamex
	Directorship Type:	Independent
Thomas S. Heather Rodríguez	Age:	69
	Years as Director:	11
	Main Occupation:	Of Counsel of Creel, García-Cuellar, Aiza y Enriquez, S.C.
	Outside Directorships:	Independent Director and Chairman of the Audit, Corporate Practices, Investment Committee and member of the Risk Policies, Human Resources and Nominations Committee of Grupo Financiero Banorte and subsidiaries; Director, President of the Investment Committee and member of the Audit and Corporate Practices Committee of Afore XXI Banorte; Secretary of the Audit and Corporate Practices Committee of Grupo Televisa.
	Business Experience:	More than forty years of professional independent practice; Director and Manager of Satélites Mexicanos, Director of Grupo Financiero Banorte, Scotiabank, JP Morgan, Bank of America Mexico, Hoteles Nikko, Grupo Modelo and Grupo Bimbo; collaborator in the Ethics and Law Committees of Consejo Coordinador Empresarial; arbitrator in international courts and fellow of the American College of Bankruptcy
	Directorship Type:	Independent
Javier Martínez-Ábrego Gómez	Age:	82
	Years as Director:	9
	Main Occupation:	Chairman and Chief Executive Officer of Grupo Motomex
	Outside Directorships:	Chairman of Grupo Motomex
	Business Experience:	Businessman since 1959
	Directorship Type:	Independent
Alberto Santos Boesch	Age:	52
	Years as Director:	11
	Main Occupation:	Chairman of the Board and Chief Executive Officer of Ingenios Santos, S.A. de C.V.
	Outside Directorships:	Director of Axtel, BBVA Bancomer, Interpuerto Monterrey, Development Committee of ITESM, Instituto Nuevo Amanecer, Renace, Red de Filantropía de Egresados y Amigos del Tec, Committee of the Consulting Board of the Facultad de Ciencias Políticas y Administración Pública of UANL, Unidos por el Arte contra el Cáncer Infantil (UNAC), and member of Patronato del Hospital Metropolitano
	Business Experience:	Chairman of Aeropuerto del Norte, Director of Arena Monterrey, Chief Executive Officer of Mundo DeaDeveras, Councilor of the municipality of San Pedro Garza Garcia,

	Directorship Type:	N.L., Vice-Chairman of Grupo Tres Vidas Acapulco and Board Member of DIF Nuevo León Independent
Joseph Woldenberg Russell	Age:	57
	Years as Director:	8
	Main Occupation:	Chairman of the Board of Directors and Executive President of Tubacero
	Outside Directorships:	Planigrupo LATAM, CitiBanamex North Region, HSBC Consejo Consultivo de Negocios, Canacero, Caintra, Silica Desarrollos, Divanz Capital, and W International Group, UDEM, Development Committee ITESM, Horno3 Steel Museum and Centro Cultural Rosa de los Vientos.
	Business Experience:	Vice-Chairman of Aceros Generales and Deputy Chief Executive Officer Managing Director of Tubacero.
	Directorship Type:	Independent

Homero Huerta Moreno, member of our Board of Directors, is the cousin of Mr. Juan A. González Moreno member and Chairman of the Board of Directors. Carlos Hank González, member and Vice-Chairman of our Board of Directors, is the nephew of Juan A. González Moreno.

### Secretary

The secretary of the Board of Directors is Mr. Rodrigo Martínez Villarreal. Mr. Martínez Villarreal is not member of the Board of Directors.

### Audit and Corporate Governance Committees

As required by the Mexican Securities Law and our bylaws, an Audit Committee and a Corporate Governance Committee were appointed by the meeting of the Board of Directors held on April 17, 2024. Members of the Audit and Corporate Governance Committees were selected from members of the Board of Directors. Consequently, as required by the Mexican Securities Law and our bylaws, a chairman for each Committee was elected by the General Ordinary Shareholders' Meeting held on April 26, 2024, from among the members appointed by the board.

The current Audit and Corporate Governance Committees are comprised of four members, all of whom are independent directors. Set forth below are the names of the members of our audit and corporate governance committees, their positions within the committees, and their directorship type:

Thomas S. Heather	Position:	Chairman of the audit and corporate governance committees.
	Directorship Type:	Independent
Gabriel A. Carrillo Medina	Position:	Member of the audit and corporate governance committees.
	Directorship Type:	Independent
Everardo Elizondo Almaguer	Position:	Member and Financial Expert of the audit and corporate governance committees.
	Directorship Type:	Independent
Jesús Oswaldo Garza Martínez	Position:	Member of the audit and corporate governance committees.
	Directorship Type:	Independent



## *Executive Committee*

Before, the Board of Directors was assisted by an executive committee, which functions have terminated as agreed by the Board of Directors of GRUMA at its meeting held on February 21, 2018. As of this date, no other intermediate management bodies exist in addition to the Audit and Corporate Governance Committees.

### *4.3.2 Senior Management*

The following table sets forth our executive officers, their ages, years of service, current positions, and prior business experience:

Juan A. González Moreno	Age:	66
	Years as Executive Officer:	20
	Years at GRUMA:	44
	Current Position:	Chief Executive Officer
	Business Experience:	Several positions within GRUMA, including Managing Director of Special Projects of Gruma USA, Chief Executive Officer of Azteca Milling, Vice President of Central and Eastern Regions of Mission Foods, Chief Sales Officer and Vice President of Sales of Azteca Milling, Chief Executive Officer of Gruma Asia-Oceania
Raúl Cavazos Morales	Age:	64
	Years as Executive Officer:	12
	Years at GRUMA:	36
	Current Position:	Chief Financial Officer
	Business Experience:	Several finance positions within GRUMA, including Chief Treasury Officer and Vice President of Corporate Treasury
Homero Huerta Moreno	Age:	61
	Years as Executive Officer:	22
	Years at GRUMA:	39
	Current Position:	Chief Administrative Officer
	Business Experience:	Several positions within GRUMA including Vice President of Corporate Internal Audit, of IT, of Controllership for Gruma USA, and of Finances and Administration for Gruma Venezuela
Francisco Martínez Saldívar	Age:	64
	Years as Executive Officer:	8
	Years at GRUMA:	11
	Current Position:	Chief Operating Officer
	Business Experience:	Chief Procurement Officer, National Manager of Corn Procurement and Vice President of Corn Procurement at Azteca Milling; Vice President of Corn Procurement in the US, Mexico, Central America, Asia and Oceania
Rodrigo Martínez Villarreal	Age:	46
	Years as Executive Officer:	6
	Years at GRUMA:	16
	Current Position:	General Counsel
	Business Experience:	Legal VP at GRUMA, Corporate Counsel at Cemex, and foreign associate at Milbank, Tweed, Hadley & McCloy

Homero Huerta Moreno, our Chief Administrative Officer, is the cousin of Mr. Juan Antonio González Moreno.

## *Code of Ethics*

We have adopted a Code of Ethics, which is applicable to, among others, our Board of Directors, executive officers and employees. This code sets forth the conduct standards that these persons must observe in the performance of their duties, which shall serve as guidelines to achieve a transparent decision-making process in accordance with the ethical responsibility concept governing the members of GRUMA.

Our Code of Ethics emphasizes that any distinction, exclusion, restriction or preference based on any of the following reasons: ethnicity or national origin, skin color, culture, gender, age, disabilities, social, economic or health condition, religion, physical appearance, genetic characteristics, immigration status, pregnancy, opinions, sexual preferences, political identity or affiliation, marital status, among others, is not allowed in GRUMA.

Our Code of Ethics is available on our website: [www.gruma.com](http://www.gruma.com).

## *Compensation of Directors and Senior Management*

Members of the Board of Directors are paid a fee of Ps.100,000 for each board meeting they attend. Additionally, members of the audit committee are paid a fee of Ps.110,000 and members of the corporate governance committee are paid a fee of Ps.75,000 for each committee meeting they attend.

For 2023, the aggregate amount of compensation paid to all directors, alternate directors, executive officers and audit and corporate governance committees' members was approximately U.S.\$20.2 million.

We offer an Executive Bonus Plan that applies to managers, vice presidents, and executive officers. The variable compensation under this plan can range from 21% to 50% of annual base compensation, depending upon the employee's level, his individual performance and the results of our operations.

## *Share Ownership*

Based on the information available to us, as of April 26, 2024, Ms. Graciela Moreno Hernández, widow of the late Mr. Roberto González Barrera, and certain of her descendants, directly and indirectly own 190,453,154 shares representing approximately 52.12% of our capital stock (52.21% of our outstanding shares). Jointly all of them, in virtue of their kinship, may be considered as the Primary Shareholder Group.

In the case of Ms. Graciela Moreno Hernández, she holds her shares indirectly through the trust number 111559-4 created by her in Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex for her benefit and the benefit of certain of her descendants as beneficiaries of the trust (the "Trust"). As of April 26, 2024, the Trust holds 41.11% of our share capital (41.19% of our outstanding shares). For the case of the other members of the Primary Shareholder Group (including some of the beneficiaries of the Trust), some of them hold our shares directly, while a larger portion of the members hold them indirectly through other trusts, among which is the trust number 75174-8 created by Mr. Juan Antonio González Moreno together with his descendants in Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte (the "Banorte Trust"). See "Section 4.4. Bylaws and Other Agreements".

Amongst the beneficiaries of the Trust, only two of them are beneficiaries of more than 10% of our capital stock. Specifically, Mr. Juan Antonio Gonzalez Moreno, Chief Executive Officer and Chairman of the Board of Directors and Mrs. Graciela Silvia Gonzalez Moreno, are as of April 26, 2024, main beneficiary shareholders, given that each of them is beneficiary of 12.86% of our capital stock (12.89% of our outstanding shares) through the Trust. Mr. Juan Antonio González Moreno also indirectly holds the 0.58% of our capital stock and (0.58% of our outstanding shares) through the Banorte Trust and directly holds 0.87% of our capital stock (0.87% of our outstanding shares). Mrs. Graciela Silvia González Moreno directly holds 0.50% of our capital stock (0.50% of our outstanding shares).

This Trust, acting alone or jointly with all or some of the persons comprising the Primary Shareholder Group, exerts significant influence, control and power of command over the Company.

As of April 26, 2024, Carlos Hank González is the only Director with an individual shareholding greater than 1% and lower than 10% of our outstanding shares, which amounts to 1.82% of our capital stock. His shareholding is part of the total stake attributed to the Primary Shareholder Group.

### 4.3.3. Major Shareholders

The following table sets forth certain information regarding the direct and indirect ownership of our capital stock as of April 26, 2024 (which consists entirely of Series B Shares), according to the information on record obtained from our Annual Shareholders Meeting held on such date and information available to us on said date. The Trust is the only shareholder we know to individually and directly own more than 10% of our capital stock, and Mr. Juan Antonio Gonzalez Moreno Chief Executive Officer and Chairman of the Board of Directors, as well as Mrs. Graciela Silvia Gonzalez Moreno are our only main beneficiary shareholders since, each of them indirectly through the Trust and directly own more than 10% of our capital stock. See “Section 2.2.12. Shares evidencing the capital stock” for a further discussion of our capital stock. Our majority shareholder does not have different or preferential voting rights with respect to those shares they own.

Name	Number of Outstanding Series B Shares	Percentage of Outstanding Shares
Primary Shareholder Group <sup>(1)</sup>	190,453,154	52.21
Other shareholders	174,310,452	47.79
Total	364,763,606 <sup>(2)</sup>	100

(1) The shares beneficially owned by the Primary Shareholder Group include 150,229,259 shares held indirectly by certain members of the Primary Shareholder Group through the Trust.

(2) As of April 26, 2024, our capital stock was represented by 365,394,275 issued Series B, Class I, no par value shares (“Series B shares”), out of which 364,763,606 shares were outstanding fully subscribed and paid for and 630,669 shares were kept in treasury.

The Primary Shareholder Group controls approximately 52.12% of our capital stock (52.21% of our outstanding shares) and therefore elects the majority of our 11 directors. In addition, under Mexican law, any holder or group of holders representing 10% or more of our capital stock may elect one director for each 10% of capital stock held.

We cannot assure that members of the Primary Shareholder Group will continue to hold their shares or will act together for purposes of control. Additionally, the members of the Primary Shareholder Group may pledge the totality or part of their shares in us to guarantee any obligation, including any future borrowings. In the event of any default where lenders exercise their rights against any and all of these shares, the Primary Shareholder Group could lose its controlling interest in us resulting in a change of control. This, in turn, could trigger a default in some of our credit agreements if the established conditions under the terms of the corresponding credit agreements are met, resulting in a default of other debt documents. A Change of Control could also require us to make an offer to repurchase debt, as per the terms in our debt agreements. Said default or repurchase obligation could have a material adverse effect upon our business, financial condition, results of operations and prospects.

We are not aware of any significant changes in the percentage of ownership of any shareholder that held 5% or more of our outstanding shares during the past three years.

## 4.4. BYLAWS AND OTHER AGREEMENTS

Set forth below is a brief summary of certain significant provisions of our bylaws, according to their last amendment. This description does not purport to be complete and is qualified by reference to our bylaws, which are incorporated as an exhibit to this annual report.

### *Incorporation and Register*

We were incorporated in Monterrey, Mexico on December 24, 1971 as a corporation (*Sociedad Anónima de Capital Variable*) under the Mexican Corporations Law, for a term of 99 years. On November 30, 2006 we became a publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*), a special corporate form for all Mexican publicly traded companies pursuant to the regulations of the new Mexican Securities Law.

### *Corporate Purpose*

Our main corporate purpose, as fully described in Article Second of our bylaws, is to serve as a holding company and to engage in various activities such as: (i) purchasing, selling, importing, exporting, and manufacturing all types of goods and products, (ii) issuing any kind of securities and taking all actions in connection therewith (iii) creating, organizing and managing all types of companies, (iv) purchasing, selling and holding real property, (v) receiving all types of specialized and non-specialized services, (vi) establishing

branches or offices in any part of the country or abroad, (vii) acquiring, licensing, or using intellectual or industrial property, (viii) granting and receiving loans, (iv) subscribing, issuing and negotiating all types of credit instruments, and (x) performing any acts necessary to accomplish the foregoing.

### *Directors*

Our bylaws provide that our management shall be vested in the Board of Directors and our Chief Executive Officer. Each director is elected by a simple majority of the shares. Under Mexican law and our bylaws, any holder or group of holders owning 10% or more of our capital stock may elect one director. The Board of Directors must be comprised of a minimum of five and a maximum of twenty-one directors, as determined by the shareholders at the annual ordinary general shareholders' meeting. Additionally, under the Mexican Securities Law, at least 25% of the members of the Board of Directors must be independent. Currently, our Board of Directors consists of 11 members.

The Board of Directors shall meet at least four times a year. These meetings can be called by the Chairman of the Board of Directors, the Chairman of the Audit and Corporate Governance Committees, or by 25% of the members of the Board of Directors. The directors serve for a one-year term, or for up to 30 (thirty) additional days, if no designation of their substitute has been made or if the substitute has not taken office. Directors receive compensation as determined by the shareholders at the annual ordinary general shareholders' meeting. The majority of directors are needed to constitute a quorum, and board resolutions must be passed by a majority of the votes present at any validly constituted meeting or by unanimous consent if no meeting is convened.

Our bylaws provide that the Board of Directors has the authority and responsibility to: (i) set the general strategies for our business; (ii) oversee the performance and conduct of our business; (iii) oversee our main risks, identified by the information submitted by the committees, the Chief Executive Officer and the firm providing the external auditing services; (iv) approve the information and communication policies with shareholders and the market; and (v) instruct the Chief Executive Officer to disclose to the investor public any material information when known.

Additionally, the Board of Directors has the authority and responsibility to approve, with the previous opinion of the corresponding Committee: (i) the policies for the use of our assets by any related party; (ii) related party transactions other than those occurring in the ordinary course of business, those of insignificant amount, and those deemed as done within market prices; (iii) the purchase or sale of 5% or more of our corporate assets; (iv) granting of guarantees or the assumption of liabilities for more than 5% of our corporate assets; (v) the appointment, and in its case, removal of the Chief Executive Officer, as the designation of integral compensation policies for all other senior officers; (vi) internal control and internal audit guidelines; (vii) our accounting guidelines; (viii) our financial statements; and (ix) the hiring of the firm providing external audit services and, in its case, any services additional or supplemental to the external audit. The approval in regard to the above matters is exclusive to the board and may not be delegated.

See "Section 4.3.1. Board of Directors" for further information about the Board of Directors.

### *Audit and Corporate Governance Committees*

Under our bylaws and in accordance with the Mexican Securities Law, the Board of Directors, through the Audit and Corporate Governance Committees as well as through the firm performing the external audit, shall be in charge of the surveillance of us. Such Committees should be exclusively comprised by independent directors and by a minimum of three members, elected by the Board of Directors at the proposal of the Chairman of the Board. The Chairman of such Committees shall be exclusively designated and/or removed from office by the annual ordinary general shareholders' meeting.

For the performance of its duties, the Corporate Governance Committee shall: (i) render its opinion to the Board of Directors, pursuant to the Mexican Securities Law; (ii) request the opinion of independent experts, when deemed convenient; (iii) convene shareholders meetings and include issues in the agenda they deem appropriate; (iv) assist the Board of Directors when making the annual reports; and (v) be responsible for other activity provided by law or our bylaws.

Likewise, for the performance of its duties, the Audit Committee shall: (i) render its opinion to the Board of Directors, pursuant to the Mexican Securities Law; (ii) request the opinion of independent experts when deemed convenient; (iii) convene shareholders meetings and include issues in the agenda they deem appropriate; (iv) assess the performance of the external auditing firm, as well as analyze the opinions and reports rendered by the external auditor; (v) discuss our financial statements and, if appropriate, recommend its approval to the Board of Directors; (vi) inform the Board of Directors of the condition of the internal controls and internal auditing systems, including any irregularities detected therein; (vii) prepare the opinion of the report rendered by the Chief Executive Officer; (viii) assist the Board of Directors when making the annual reports; (ix) request from the senior officers and from other employees, reports relevant to the preparation of the financial information and of any other kind deemed necessary for the performance of their

duties; (x) investigate possible irregularities within our company, as well as carry out the actions deemed appropriate; (xi) request meetings with senior officers in connection with the internal control and internal audit; (xii) inform the Board of Directors about the material irregularities detected while exerting their duties, and in case of any irregularities, notify the Board of Directors of any corrective measures taken; (xiii) ensure that the Chief Executive Officer complies with the resolutions taken by the Shareholders' Meetings and by the Board of Directors; (xiv) oversee the establishment of internal controls in order to verify that our transactions conform to the applicable legal regulations; and (xv) be responsible of any other activity provided by law or our bylaws.

#### *Fiduciary Duties - Duty of Diligence*

Our bylaws and the Mexican Securities Law provide that the directors shall act in good faith and in our best interest. In order to fulfill this duty, our directors may: (i) request information about us that is reasonably necessary to take actions; (ii) require the presence of any officers or other key employees, including the external auditors, that may contribute elements for taking actions at board meetings; (iii) postpone board meetings when a director has not been given sufficient notice of the meeting or in the event that a director has not been provided with the information provided to the other directors; and (iv) discuss and vote on any item requesting, if deemed convenient, the exclusive presence of the members and the secretary of the Board of Directors.

Our directors may be liable for damages caused when breaching their duty of diligence if such failure causes economic damage to us or our subsidiaries, as well as if the director: (i) fails to attend board or committee meetings and, as a result of such absence, the board was unable to take action, unless such absence is approved by the shareholders meeting; (ii) fails to disclose to the Board of Directors or the committees material information necessary to reach a decision; and/or (iii) fails to comply with its duties imposed by the Mexican Securities Law or our bylaws. Members of the Board of Directors may not represent shareholders at any shareholders' meeting.

#### *Fiduciary Duties - Duty of Loyalty*

Our bylaws and the Mexican Securities Law provide that the directors and secretary of the board shall keep confidential any non-public information and matters about which they have knowledge as a result of their position. Also, directors must abstain from participating, attending or voting at meetings related to matters where they have or may have a conflict of interest.

The directors and secretary of the Board of Directors will be deemed to have violated their duty of loyalty and will be liable for any damages when they, directly or through third parties, obtain an economic benefit by virtue of their position without legitimate cause. Furthermore, the directors will fail to comply with their duty of loyalty if they: (i) vote at a board meeting or take any action where there is a conflict of interest; (ii) fail to disclose a conflict of interest they may have during a board meeting; (iii) knowingly favor a particular shareholder of our company against the interests of other shareholders; (iv) approve related party transactions without complying with the requirements of the Mexican Securities Law; (v) use our assets in a manner which infringes upon the policies approved by the Board of Directors; (vi) unlawfully use material non-public information concerning us; and/or (vii) usurp a corporate business opportunity for their own benefit, or the benefit of a third party, without the prior approval of the Board of Directors. Our directors may be liable for damages when breaching their duty of loyalty if such failure causes economic damage to us or our subsidiaries.

#### *Civil Actions Against Directors*

Under Mexican law, shareholders can initiate actions for civil liabilities against directors through resolutions passed by a majority of the shareholders at a general ordinary shareholders' meeting. In the event the majority of the shareholders decide to bring such action, the director against whom such action is brought will immediately cease to be a member of the Board of Directors. Additionally, shareholders representing not less than 5% of our outstanding shares may directly bring such action against directors. Any recovery of damages with respect to such action will be for our benefit and not for the benefit of the shareholders bringing the action.

#### *Chief Executive Officer*

According to our bylaws and the Mexican Securities Law, the Chief Executive Officer shall be in charge of running, conducting and executing our business, complying with the strategies, policies and guidelines approved by the Board of Directors.

For the performance of its duties the Chief Executive Officer shall: (i) submit, for the approval of the Board of Directors, our business strategies; (ii) execute the resolutions of the Shareholders' Meetings and of the Board of Directors; (iii) propose to the Audit Committee, the internal control system and internal audit guidelines applicable to us, as well as execute the guidelines approved thereof by the Board of Directors; (iv) disclose any material information and events that should be disclosed to the investor public; (v) comply with the provisions relevant to the repurchase and placement transactions of our own stock; (vi) exert any corresponding corrective measures and liability suits; (vii) assure that adequate accounting, registry and information systems are maintained by us; (viii) prepare

and submit to the Board of Directors his annual report; (ix) establish mechanisms and internal controls permitting certification that our actions and transactions conform to the applicable regulations; and (x) exercise his right to file the liability suits referred to in the Mexican Securities Law against related parties or third parties that allegedly cause damage to us.

### *Voting Rights and Shareholders' Meetings*

Each share entitles the holder thereof to one vote at any general meeting of our shareholders. Shareholders may vote by proxy. At the ordinary general shareholders' meeting, any shareholder or group of shareholders representing 10% or more of the outstanding capital stock has the right to appoint one director, with the remaining directors being elected by majority vote.

General shareholders' meetings may be ordinary or extraordinary. Extraordinary general shareholders' meetings are called to consider matters specified in Article 182 of the Mexican Corporations Law, including, principally, changes in the authorized fixed share capital and other amendments to the bylaws, the issuance of preferred stock, the liquidation, merger and spin-off of our company, changes in the rights of security holders, and transformation from one corporate form to another. All other matters may be approved by an Ordinary general shareholders' meetings. Ordinary general shareholders' meetings must be called to consider and approve matters specified in Article 181 of the Mexican Corporations Law, including, principally, the appointment of the members of the Board of Directors and the Chairman of the Audit and Corporate Governance Committees, the compensation paid to the directors, the distribution of our profits for the previous year, and the annual reports presented by the Board of Directors and the Chief Executive Officer. Our shareholders establish the number of members that will serve on our Board of Directors at the ordinary general shareholders' meeting.

A general ordinary shareholders' meeting must be held during the first four months after the end of each fiscal year. In order to attend a general shareholders' meeting, the day before the meeting shareholders must deposit the certificates representing their capital stock or other appropriate evidence of ownership either with the secretary of our Board of Directors, with a credit institution, or with Indeval. The secretary, credit institution or Indeval will hold the certificates until after the general shareholders' meeting has taken place.

Under our bylaws, the quorum for an ordinary general shareholders' meeting is at least 50% of the outstanding capital stock, and action may be taken by the affirmative vote of holders representing a majority of the shares present. If a quorum is not present, a subsequent meeting may be called at which the shareholders present, whatever their number, will constitute a quorum and action may be taken by a majority of the shares present. A quorum for extraordinary general shareholders' meetings is at least 75% of the outstanding capital stock, but if a quorum is not present, a subsequent meeting may be called. A quorum for the subsequent meeting is at least 50% of the outstanding shares. Action at an extraordinary general shareholders' meeting may only be taken by a vote of holders representing at least 50% of the outstanding shares.

Shareholders' meetings may be called by the Board of Directors, the Chairman of the Board of Directors, the Audit and/or Corporate Governance Committees, or a court. The Chairman of the Board of Directors or the Chairman of the Audit or Corporate Governance Committees may be required to call a shareholders' meeting if holders of at least 10% of our outstanding share capital request a meeting in writing, or at the written request of any shareholder if no shareholders' meeting has been held for two consecutive years, or, if during a period of two consecutive years, the Board of Directors' annual report for the previous year and our financial statements were not presented to the shareholders, or if the shareholders did not elect directors.

Notice of shareholders' meetings must be published in the electronic system established by the Ministry of Economy and optionally in a newspaper of general circulation in San Pedro Garza García, Nuevo León at least 15 days prior to the meeting. Shareholders' meetings may be held without such publication provided that 100% of the outstanding shares are represented. Shareholders' meetings must be held within the corporate domicile in San Pedro Garza García, Nuevo León.

Under Mexican law, holders of 20% of our outstanding capital stock may have any shareholder action set aside by filing a complaint with a Mexican court of competent jurisdiction within 15 days after the close of the meeting at which such action was taken, by showing that the challenged action violates Mexican law or our bylaws. Relief under these provisions is only available to holders who were entitled to vote on the challenged shareholder action and whose shares were not represented when the action was taken or, if represented, voted against it.

### *Dividend Rights and Distribution*

Within the first four months of each year, the Board of Directors must submit our company's financial statements for the preceding fiscal year to the shareholders for their approval at the ordinary general shareholders' meeting. They are required by law to allocate 5% of any new profits to a legal reserve which is not thereafter available for distribution until the amount of the legal reserve equals 20% of our capital stock (before adjusting for inflation). Amounts in excess of those allocated to the legal reserve fund may be allocated to other reserve funds as the shareholders may determine, including a reserve for the repurchase of our shares. The remaining

balance of new profits, if any, is available for distribution as dividends prior to their approval at the shareholders' meeting. Cash dividends on the shares held through Indeval will be distributed by us through Indeval. Cash dividends on the shares evidenced by physical certificates will be paid when the relevant dividend coupon registered in the name of its holder is delivered to us. No dividends may be paid, however, unless losses for prior fiscal years have been paid up or absorbed. See "Section 2.2.13. Dividends."

### *Liquidation*

Upon our dissolution, one or more liquidators must be appointed by an extraordinary shareholders' general meeting to wind up its affairs. If the extraordinary general shareholders' meeting does not make said appointment, a Civil or District Judge can do so at the request of any shareholder. All fully paid and outstanding common stock will be entitled to participate equally in any distribution upon liquidation after the payment of our debts, taxes and the expenses of the liquidation. Common stock that has not been paid in full will be entitled to these proceeds in proportion to the paid-in amount.

If the extraordinary general shareholders' meeting does not give express instructions on liquidation, the bylaws stipulate that the liquidators will (i) conclude all pending matters they deem most convenient, (ii) prepare a general balance and inventory, (iii) collect all credits and pay all debts by selling assets necessary to accomplish this task, (iv) sell assets and distribute income, and (v) distribute the amount remaining, if any, pro rata among the shareholders.

### *Changes in Capital Stock*

Our outstanding capital stock consists of Class I and Class II series B shares. Class I shares are the fixed portion of our capital stock and have no par value. Class II shares are the variable portion of our capital stock and have no par value. The fixed portion of our capital stock cannot be withdrawn. The issuance of variable capital shares, unlike the issuance of fixed capital shares, does not require an amendment of the bylaws, although it does require approval at an ordinary general shareholders' meeting. The fixed portion of our capital stock may only be increased or decreased by resolution of an extraordinary general shareholders' meeting and an amendment to our bylaws, whereas the variable portion of our capital stock may be increased or decreased by resolution of an ordinary general shareholders' meetings. Currently, our outstanding capital stock consists only of fixed capital.

An increase of capital stock may generally be made through the issuance of new shares for payment in cash or in kind, by capitalization of indebtedness or by capitalization of certain items of shareholders' equity. An increase of capital stock generally may not be made until all previously issued and subscribed shares of capital stock have been fully paid. A reduction of capital stock may be effected to absorb losses, to redeem shares, to repurchase shares in the market or to release shareholders from payments not made.

As of April 26, 2024, our capital stock was represented by 365,394,275 issued, non-par value, Class I, Series B shares, out of which 364,763,606 share were outstanding, fully subscribed and paid for and 630,669 shares were kept in treasury.

### *Preemptive Rights*

In the event of a capital increase through the issuance of shares, other than in connection with a public offering of newly issued shares or treasury stock, a holder of existing shares of a given series at the time of the capital increase has a preferential right to subscribe for a sufficient number of new shares of the same series to maintain the holder's existing proportionate holdings of shares of that series. Preemptive rights must be exercised within the period and under the conditions established for such purpose by the shareholders at the corresponding shareholders' meeting. Under Mexican law and our bylaws, the exercise period may not be less than 15 days following the publication of notice of the capital increase in the electronic system established by the Ministry of Economy Federal Official Gazette or following the date of the shareholders' meeting at which the capital increase was approved if all shareholders were represented; otherwise such rights will lapse.

Furthermore, shareholders will not have preemptive rights to subscribe for common stock issued in connection with mergers, upon the conversion of convertible debentures, or in the resale of treasury stock as a result of repurchases on the Mexican Stock Exchange.

Under Mexican law, preemptive rights may not be waived in advance by a shareholder, except under limited circumstances, and cannot be represented by an instrument that is negotiable separately from the corresponding share.

### *Restrictions Affecting Non-Mexican Shareholders*

Foreign investment in capital stock of Mexican corporations is regulated by the 1993 Foreign Investment Law and by the 1998 Foreign Investment Regulations to the extent they are not inconsistent with the Foreign Investment Law. The Ministry of Economy and

the National Commission on Foreign Investment are responsible for the administration of the Foreign Investment Law and the Foreign Investment Regulations.

Our bylaws do not restrict the participation of non-Mexican investors in our capital stock. However, approval of the National Foreign Investment Commission must be obtained for foreign investors to acquire a direct or indirect participation in excess of 49% of the capital stock of a Mexican company that has an aggregate asset value that exceeds, at the time of filing the corresponding notice of acquisition, an amount determined annually by the National Foreign Investment Commission.

As required by Mexican law, our bylaws provide that any non-Mexicans who acquire an interest or participation in our capital at any time will be treated as having Mexican nationality for purposes of their interest in us, and with respect to the property, rights, concessions, participations or interests that we may own or rights and obligations that are based on contracts to which we are a party with the Mexican authorities. Such shareholders cannot invoke the protection of their government under penalty of forfeiting to the Mexican State the ownership interest that they may have acquired.

Under this provision, a non-Mexican shareholder is deemed to have agreed not to invoke the protection of his own government with respect to his rights as a shareholder, but is not deemed to have waived any other rights he may have with respect to its investment in us, including any rights under U.S. securities laws. If a shareholder should invoke governmental protection in violation of this provision, his shares could be forfeited to the Mexican government. Mexican law requires that such a provision be included in the bylaws of all Mexican companies unless such bylaws prohibit ownership of shares by non-Mexicans. See “Section 1.3.5. Risk Factors—Risks Related to Our Primary Shareholder Group and Capital Structure—Mexican Law Restricts the Ability of Non-Mexican Shareholders to Invoke the Protection of Their Governments with Respect to Their Rights as Shareholders.”

#### *Registration and Transfer*

Our shares are evidenced by certificates in registered form. We maintain a stock registry and, in accordance with Mexican law, only those persons whose names are recorded on the stock registry are recognized as owners of the series B shares.

#### **Other Provisions**

##### *Appraisal Rights*

Under Mexican law, whenever the shareholders approve a change of corporate object, change of our nationality or transformation from one type of corporate form to another, any shareholder entitled to vote on such change or transformation who has voted against it has the right to tender its shares and receive the amount attributable to its shares, provided such shareholder exercises its right to withdraw within 15 days following the adjournment of the meeting at which the change or transformation was approved. Under Mexican law, the amount which a withdrawing shareholder is entitled to receive is equal to its proportionate interest in our capital stock according to our most recent balance sheet approved by an ordinary general shareholders’ meeting. The reimbursement may have certain tax consequences.

##### *Share Repurchases*

We may repurchase our common stock on the Mexican Stock Exchange at any time at the then market price. The repurchase of shares will be made by charging our equity, in which case we may keep them without reducing our capital stock, or charging our capital stock, in which case we must convert them into unsubscribed treasury stock. The ordinary general shareholders’ meeting shall determine the maximum amount of funds to be allocated for the repurchase of shares, which amount shall not exceed our total net profits, including retained earnings.

Repurchased common stock will either be held by us or kept in our treasury, pending future sales thereof through the Mexican Stock Exchange. If the repurchased shares are kept in our treasury, we may not exercise their economic and voting rights, and such shares will not be deemed to be outstanding for purposes of calculating any quorum or voting at any shareholders’ meeting. The repurchased shares held by us as treasury shares may not be represented at any shareholder meeting. The decrease or increase of our capital stock as a result of the repurchase does not require the approval of a shareholders’ meeting or of the Board of Directors.

Under Mexican securities regulation, our directors, officers, external auditors, the secretary of the Board of Directors and holders of 10% or more of our outstanding stock may not sell stock to us, or purchase repurchased stock from us, unless the sale or purchase is made through a tender offer. The repurchase of stock representing 3% or more of our outstanding share capital in any 20 trading-day period must be conducted through a public tender offer.



### *Repurchase in the Event of Delisting*

In the event of the cancellation of the registration of our shares at the *Registro Nacional de Valores*, or National Registry of Securities, or RNV, whether at our request or at the request of the CNBV, under our bylaws and the regulations of the CNBV, we will be obligated to make a tender offer to purchase all of our shares held by non-controlling shareholders. Such tender offer shall be made at least at the greater price of the following: (i) the closing sale price under the terms of the following paragraph, or (ii) the book value of the shares according to the most recent quarterly report submitted to the CNBV and the Mexican Stock Exchange.

The quoted share price on the Mexican Stock Exchange referred to in the preceding paragraph shall be the weighted average share price as quoted on the Mexican Stock Exchange for the last 30 days in which our shares were traded, in a period not greater than six months prior to the date of the public tender offer. If the number of days in which our shares have traded during the period referred to above is less than 30, then only the actual number of days in which our shares have traded during such period will be taken into account. If shares have not been exchanged during such period, then the tender offer shall be made at a price equal to at least the book value of the shares.

In connection with any such cancellation of the registration of our shares, we will be required to deposit sufficient funds into a trust account for at least six months following the date of cancellation to ensure adequate resources to purchase at the public tender offer price any remaining outstanding shares from non-controlling shareholders that did not participate in the offer.

If we ask the RNV to cancel the registration of our shares, we will be exempt from carrying out a public tender offer, provided that: (i) we have the consent of the holders of at least 95% of our outstanding common shares, by a resolution at a shareholders' meeting; (ii) the aggregate amount offered for the securities in the market is less than 300,000 investment units (UDIs); (iii) the trust referred to in the preceding paragraph is executed, and (iv) notice is given to the CNBV of the execution and cancellation of the trust through the established electronic means.

Within ten business days of the commencement of a public tender offer, our Board of Directors must prepare and disclose to public investors its opinion with respect to the reasonableness of the tender offer price as well as any conflicts of interest that its members may have in connection with the tender offer. The opinion of the Board of Directors may be accompanied by another opinion issued by an independent expert that we may hire.

We may request the approval from the CNBV to use different criteria to determine the price of the shares. In requesting such approval, the following must be submitted to the CNBV: (i) the resolution of the Board of Directors approving such request, (ii) the opinion of the Corporate Governance Committee addressing the reasons why it deems appropriate the use of a different price, and (iii) a report from an independent expert indicating that the price is consistent with the terms of the Mexican Securities Law.

### *Shareholder's Conflicts of Interest*

Any shareholder that has a direct or indirect conflict of interest with respect to any transaction must abstain from voting thereon at the relevant shareholders' meeting. A shareholder that votes on a business transaction in which its interest conflicts with ours may be liable for damages if the transaction would not have been approved without such shareholder's vote.

### *Rights of Shareholders*

The protections afforded to minority shareholders under Mexican law are different from those in the United States and other jurisdictions. The law concerning duties and responsibilities of directors and controlling shareholders has not been the subject of extensive judicial interpretation in Mexico, unlike the United States where judicial decisions have been issued regarding the duties of diligence and loyalty, which more effectively protect the rights of minority shareholders. Additionally, shareholder class actions are not available under Mexican law and there are different procedural requirements for bringing shareholder derivative lawsuits, which permit shareholders in U.S. courts to bring actions on behalf of other shareholders or to enforce rights of the corporation itself. Shareholders cannot challenge corporate action taken at a shareholders' meeting unless they meet certain procedural requirements.

As a result of these factors, in practice it may be more difficult for our minority shareholders to enforce rights against us or our directors or controlling shareholders than it would be for shareholders of a foreign company. See "Section 1.3.5. Risk Factors—Risks Related to Our Primary Shareholder Group and Capital Structure—The Protections Afforded to Minority Shareholders in Mexico Are Different from Those in other Countries."

### *Antitakeover Protections*

Our bylaws provide that, subject to certain exceptions as explained below, prior written approval from the Board of Directors shall be required for any person (as defined hereunder), or group of persons to acquire, directly or indirectly, any of our common shares or rights to our common shares, by any means or under any title whether in a single event or in a set of consecutive events, such that its total shares or rights to shares would represent 5% or more of our outstanding shares.

Prior approval from the Board of Directors must be obtained each time such ownership threshold of 5% (and multiples thereof) is intended to be exceeded, except for persons who, directly or indirectly, are competitors (as such term is defined below) of us or of any of our subsidiaries, who must obtain the prior approval of the Board of Directors for future acquisitions where a threshold of 2% (or multiples thereof) of our common shares is intended to be exceeded.

Pursuant to our bylaws, a “person” is defined as any natural person, corporate entity, trust or similar form of venture, vehicle, entity, corporation or economic or mercantile association or any subsidiaries or affiliates of any of the former or, as determined by the Board of Directors, any group of persons who may be acting jointly, coordinated or as a whole; and a “competitor” is defined as any person engaged, directly or indirectly, in (i) the business of production and/or marketing of corn or wheat flour, and/or (ii) any other activity carried on by us or by any of our subsidiaries or affiliates.

Persons that acquire our common shares in violation of these requirements will not be considered the beneficial owners of such shares under our bylaws and will not be able to vote such shares or receive any dividends, distributions or other rights in respect of these shares. In addition, pursuant to our bylaws, these holders will be obligated to pay us a penalty in an amount equal to the greater of (i) the market value of the shares such party acquired without obtaining the prior approval of the Board of Directors and (ii) the market value of shares representing 5% of our capital stock.

### *Board Notices, Meetings, Quorum Requirements and Approvals.*

To obtain the prior approval of our Board of Directors, a potential purchaser must properly deliver a written application complying with the applicable requirements set forth in our bylaws. Such application shall state, among other things: (i) the number and class of our shares the person beneficially owns or to which such person has any right, (ii) the number and class of shares the Person intends to acquire, (iii) the number and class of shares with respect to which such Person intends to acquire any right, (iv) the percentage that the shares referred to in (i) represent of our total outstanding shares and of the class or series to which such shares belong, (v) the percentage that the shares referred to in (ii) and (iii) represent of our total outstanding shares and of the class or series to which such shares belong, (vi) the person’s identity and nationality, or in the case of a purchaser which is a corporation, trust or legal entity, the nationality and identity of its shareholders, partners or beneficiaries as well as the identity and nationality of each person effectively controlling such corporation, trust or legal entity, (vii) the reasons and purpose behind such acquisition, (viii) if such person is, directly or indirectly, a competitor of us or any of our subsidiaries or affiliates, and if such person has the authority to legally acquire the shares pursuant to our bylaws and Mexican law, (ix) its source of financing the intended acquisition, (x) if the Person is part of an economic group, formed by one or more of its related parties, which intends to acquire shares of our common stock or rights to such shares, (xi) if the person has obtained any financing from one of its related parties for the payment of the shares, (xii) the identity and nationality of the financial institution, if any, that will act as the underwriter or broker in connection with any tender offer, and (xiii) the person’s address for receiving notices.

Either the Chairman, the Secretary or the Alternate Secretary of our Board of Directors must call a meeting of the Board of Directors within 10 business days following the receipt of the written application. The notices for the meeting of the Board of Directors shall be in writing and sent to each of the directors and their alternates at least 45 calendar days prior to the meeting. Action by unanimous written consent is not permitted.

Any acquisition of capital shares representing at least 2% or 5%, as the case may be, of our outstanding capital stock, must be approved by at least the majority of the members of our Board of Directors present at a meeting at which at least the majority of the members is present. Such acquisitions must be resolved by our Board of Directors within 60 calendar days following the receipt of the written application described above, unless the Board of Directors determines that it does not have sufficient information upon which to base its decision. In such case, the Board of Directors shall deliver a written request to the potential purchaser for any additional information that it deems necessary to make its determination. The 60 calendar days referred to above will commence following the receipt of the additional information from the potential purchaser.

#### *Mandatory Tender Offers in the Case of Certain Acquisitions.*

If our Board of Directors authorizes an acquisition of capital shares which increases the purchaser's ownership to 30% or more, but not more than 50%, of our capital stock, then the purchaser must effect its acquisition by way of a cash tender offer for a specified number of shares equal to the greater of (i) the percentage of common shares intended to be acquired or (ii) 10% of our outstanding capital stock, in accordance with the applicable Mexican securities regulations.

No approval of the Board of Directors will be required if the acquisition would increase the purchaser's ownership to more than 50% of our capital stock or result in a change of control, in which case the purchaser must effect its acquisition by way of a tender offer for 100% minus one of our total outstanding capital stock, which tender shall be made pursuant to applicable Mexican laws.

The aforementioned tender offers must be made simultaneously in the Mexican and US stock markets. Furthermore, an opinion issued by the Board of Directors regarding any such tender offer must be made available to the public through the authorized means of communication within 10 days after commencement of the tender offer. In the event of any tender offer, the shareholders shall have the right to hear more competitive offers.

#### *Notices.*

In addition to the aforementioned approvals, if a person increases its beneficial ownership by 1% in the case of competitors, or 2% in the case of non-competitors, written notice must be submitted to the Board of Directors within five days of reaching or exceeding such thresholds.

#### *Exceptions.*

The provisions of our bylaws summarized above will not apply to: (i) transfers of shares by operation of the laws of succession; (ii) acquisitions of shares by (a) any person who, directly or indirectly, has the authority or possibility of appointing the majority of the directors of our Board of Directors, (b) any company, trusts or similar form of venture, vehicle, entity, corporation or economic or mercantile association, which may be under the control of the aforementioned person, (c) the heirs of the aforementioned person, (d) the aforementioned person when such person is repurchasing the shares of any corporation, trust or similar form of venture, vehicle, entity, corporation or economic or mercantile association referred to in the item (b) above, and (e) our company or by trusts created by us; (iii) any person(s) that as of December 4, 2003 hold(s), directly or indirectly, more than 20% of the shares representing our capital stock; and (iv) any other exceptions provided for in the Mexican Securities Law and other applicable legal dispositions.

#### *Other Agreements.*

Mr. Juan Antonio González Moreno, together with his sons Juan Antonio González Marcos and Jesús Antonio González Marcos, established as trustors and trustees the Banorte Trust, to which they contributed 2,101,203 shares, 9,975,041 shares and 9,736,125 shares, respectively, which together represent 5.97% of our capital stock.

The Banorte Trust has the following main characteristics:

- Mr. Juan Antonio González Moreno has the character of Administrator, for which he has the power to instruct the voting sense of all the shares contributed to it.
- It will be in force as long as Mr. Juan Antonio González Moreno lives, during which time the contributed shares may not be withdrawn from the trust except for their sale through a stock exchange, provided the Administrator authorizes such transactions.
- The economic rights of the shares contributed, are kept by each of the respective trustees.
- The trustee rights are subject to preemptive rights among the trustees in the event of the sale of such rights, with the exception of donations to lineal ascendants or descendants.

#### **4.5. OTHER CORPORATE GOVERNANCE PRACTICES**

Not applicable.

## 5. CAPITAL MARKET

### 5.1. SHAREHOLDING STRUCTURE

Our Series B shares are listed in the BMV under the Ticker Symbol GRUMAB as of 1994. Formerly our shares were listed in the United States of America through ADR's. Each ADR represented four Series B Shares. As previously explained, such program has been terminated and our shares were delisted from the NYSE as of September 8, 2015. Currently, there are no ADR program sponsored by GRUMA. GRUMA does not authorize, endorse, support or encourage the creation of any unsponsored ADR program in respect to its securities and disclaims any liability whatsoever, arising out of any unsponsored ADR program. See "Section 1.4. Other Securities".

### 5.2. BEHAVIOR OF THE SHARES IN THE STOCK MARKET

The following table sets forth, for the periods indicated, the annual high and low closing sale prices for our Series B Shares.

	<b>Mexican Stock Exchange</b>	
	<b>Common Stock</b>	
	<b>High</b>	<b>Low</b>
	<b>(Ps. Per share <sup>(1)</sup>)</b>	
<b>Annual Price History</b>		
2018.....	258.06	207.56
2019.....	234.69	166.07
2020.....	281.21	170.80
2021.....	262.52	205.17
2022.....	282.96	191.47
2023.....	334.86	245.88
<b>Quarterly Price History</b>		
2021		
1st Quarter.....	244.80	224.03
2nd Quarter.....	251.39	205.17
3rd Quarter.....	243.44	212.39
4th Quarter.....	262.52	218.43
2022		
1st Quarter.....	282.96	247.80
2nd Quarter.....	261.71	215.82
3rd Quarter.....	260.84	192.90
4th Quarter.....	269.77	191.47
2023		
1st Quarter.....	282.67	245.88
2nd Quarter.....	285.54	256.54
3rd Quarter.....	308.73	279.04
4th Quarter.....	334.86	282.99
2024		
1st Quarter.....	327.14	288.10
<b>Monthly Price History <sup>(1)</sup></b>		
October 2023.....	321.67	282.99
November 2023.....	334.86	312.21
December 2023.....	321.81	306.77
January 2024.....	327.14	299.95
February 2024.....	317.76	299.87
March 2024.....	310.68	288.10
April 2024 <sup>(2)</sup> .....	346.91	311.46

(1) Pesos per share reflect nominal price at trade date.

(2) As of April 26, 2024.

On April 26, 2024, the last reported sale price of the B Shares on the Mexican Stock Exchange was Ps.346.91 per B Share.

**5.3. MARKET MAKER**

Not applicable

**6. UNDERLYING ASSETS**

Not applicable

## 7. RESPONSIBLE PARTIES

The undersigned state under oath of telling the truth, that within the scope of our respective positions, we prepared the information regarding the issued contained in this annual report for the year ended December 31, 2023, which, to our true knowledge and understanding, reasonably reflects its situation. Likewise, we state that we have no knowledge of relevant information which was omitted or distorted in this annual report nor that the same contains information which may mislead investors.

### **GRUMA, S.A.B. de C.V.**

*[Illegible Signature]*

---

Name: Juan A. González Moreno  
Title: Chief Executive Officer

### **GRUMA, S.A.B. de C.V.**

*[Illegible Signature]*

---

Name: Homero Huerta Moreno  
Title: Chief Administrative Officer\*

### **GRUMA, S.A.B. de C.V.**

*[Illegible Signature]*

---

Name: Raúl Cavazos Morales  
Title: Chief Financial Officer

### **GRUMA, S.A.B. de C.V.**

*[Illegible Signature]*

---

Name: Rodrigo Martínez Villarreal  
Title: General Counsel

\*Responsible for the elaboration of the financial information of the Company.

*[ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY]*

The undersigned, under oath of saying the truth, states that the attached consolidated financial statements of Gruma, S.A.B. de C.V. and subsidiaries, as of December 31, 2023, December 31, 2022 and December 31 2021, contained in this Annual Report, were audited on April 3, 2024, April 5, 2023 and April 6, 2022, respectively; pursuant to the International Standards on Auditing.

Additionally, I state that I have read this annual report and based on my reading and within the scope of the audit work carried out, I have no knowledge of material errors or inconsistencies in the financial information that is included and that is derived from the audited financial statements referred to in the previous paragraph, nor of financial information that has been omitted or distorted in this annual report, nor that the same contains financial information that may mislead the investors.

Notwithstanding the foregoing, the undersigned was not hired, and did not carry out additional procedures to express my opinion regarding the other information contained in this annual report, that is not derived from the financial statements audited by me.

PricewaterhouseCoopers, S.C.

/S/

C.P.A. Felipe Córdova Otero  
Audit Partner and Legal Representative

## **8. EXHIBITS**

- Audited Financial Statements for the last three fiscal years.
- Audit Committee's Report
- Corporate Governance Committee's Report



GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2023 AND 2022

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2023 AND 2022

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## **Independent Auditors' Report**

To the stockholders and board members of  
Gruma, S. A. B. de C. V.

### **Opinion**

We have audited the consolidated financial statements of Gruma, S. A. B. de C. V. and its subsidiaries (the Company), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended and the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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

### **Basis for Opinion**

We conducted our audit 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 Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the ethical requirements of the Code of Professional Ethics of the Mexican Institute of Public Accountants that are relevant to our audit of consolidated financial statements in México. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Code of Professional Ethics of the Mexican Institute of Public Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

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 forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Key audit matter

## How our audit addressed the key audit matter

### 1. *Assessment of impairment in goodwill*

As mentioned in Notes 3-H and 12 to the consolidated financial statements, the Company annually estimates the recoverable value of its cash generating units (CGUs) associated with goodwill to evaluate said goodwill for impairment.

We have focused on this matter mainly for the following reasons: 1) the importance of the carrying amount of goodwill (\$169 million of American dollars at December 31, 2023); 2) that the estimate of the recoverable value of the CGUs for which goodwill has been recognized involves significant Management judgments, including considering possible changes in the economic context where the CGUs relating to goodwill operate.

Our audit effort particularly involved the CGUs in the United States of America and Spain, due to their relevance. We focus on the significant judgments relating to the future results of the business, income growth rates and discount rates applied to the projected future cash flows.

Regarding the CGUs in the United States of America and Spain, we have performed sensitivity tests and discussed their results with Management. We also evaluated the degree in which the assumptions would need to change to recognize an impairment in order to define the nature and the extent of the procedures applied to each CGU based on their risk level, as follows:

We performed an understanding of the processes followed by Management to determine the projections of future cash flows; we also evaluated whether Management had made the projections in line with the established processes and how it exercises timely supervision, and whether the determined projections are consistent with the budgets approved by the Board of Directors.

We compared actual results for the current year with the figures budgeted for this year in the previous fiscal year, to evaluate whether any assumption included in the projections may be considered very optimistic or unrealistic, in conformity with the Company's history.

We compared the models applied in determining the recoverable value of assets with the methods used and recognized for the valuation of assets with similar characteristics.

We challenged and compared, with the support of our appraisers, the significant judgments and assumptions used by Management in the projections relating to its:

- Long-term income growth rates, by comparing them with the historical growth trend of the CGU and the growth rates expected in the industry; and
- The discount rate, when evaluating the cost of capital for the Company and comparable companies, also considering the factors specific to the territory.



### **Other Information**

Management is responsible for the other information. The other information comprises the annual report presented to Comisión Nacional Bancaria y de Valores (CNBV), which is expected to be made available to us after the date of this auditor's report. The other information does not include the consolidated financial statements or this independent auditors' report.

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

In connection with 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 our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, we will issue the report required by the CNBV and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required, describe the issue in our report.

### **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 Accounting Standards 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's 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 Company'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 Company'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 Company 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 Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and subsidiaries 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, actions taken to eliminate threats or safeguards applied.



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.

The engagement partner on the audit resulting in this independent auditor's report is stated below.

PricewaterhouseCoopers, S.C.

**[Spanish original version signed by:]**

C.P.A. Felipe Córdova Otero  
Audit Partner

Monterrey, N. L., April 3, 2024.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2023 AND 2022**  
(In thousands of american dollars)  
(Notes 1, 2 and 3)

<b>A s s e t s</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Current:</b>			
Cash and cash equivalents.....	6	\$ 350,046	\$ 283,864
Derivative financial instruments.....	20	4,082	5,178
Accounts receivable, net.....	7	664,963	636,739
Inventories.....	8	1,010,372	969,816
Recoverable income tax.....		38,882	27,092
Prepaid expenses.....		34,874	31,299
Total current assets.....		<u>2,103,219</u>	<u>1,953,988</u>
<b>Non-current:</b>			
Long-term notes, accounts receivable and other assets.....	9	35,199	14,177
Property, plant and equipment, net.....	10	1,955,512	1,821,815
Right-of-use assets, net.....	11	327,385	333,189
Intangible assets, net.....	12	194,092	189,016
Deferred tax.....	13	67,687	74,471
Total non-current assets.....		<u>2,579,875</u>	<u>2,432,668</u>
<b>Total Assets.....</b>		<u>\$ 4,683,094</u>	<u>\$ 4,386,656</u>
<b>L i a b i l i t i e s</b>			
<b>Current:</b>			
Short-term debt.....	14	\$ 411,172	\$ 146,971
Short-term lease liability.....	11	58,103	49,107
Trade accounts payable.....	15	329,785	446,795
Derivative financial instruments.....	20	14,079	34,731
Provisions.....	16	24,426	16,312
Income tax payable.....		30,188	28,654
Other current liabilities.....	17	350,417	308,445
Total current liabilities.....		<u>1,218,170</u>	<u>1,031,015</u>
<b>Non-current:</b>			
Long-term debt.....	14	1,115,681	1,461,605
Long-term lease liability.....	11	306,754	318,305
Provision for deferred taxes.....	13	85,606	43,737
Employee benefits obligations.....	18	76,970	58,580
Provisions.....	16	34,267	36,225
Other non-current liabilities.....		2,368	3,604
Total non-current liabilities.....		<u>1,621,646</u>	<u>1,922,056</u>
<b>Total Liabilities.....</b>		<u>2,839,816</u>	<u>2,953,071</u>
<b>E q u i t y</b>			
<b>Controlling interest:</b>			
Common stock.....	19	370,437	371,274
Reserves.....		(347,207)	(455,970)
Retained earnings.....	19	1,817,207	1,518,635
Total controlling interest.....		<u>1,840,437</u>	<u>1,433,939</u>
Non-controlling interest.....		2,841	(354)
<b>Total Equity.....</b>		<u>1,843,278</u>	<u>1,433,585</u>
<b>Total Equity and Liabilities.....</b>		<u>\$ 4,683,094</u>	<u>\$ 4,386,656</u>

The accompanying notes are an integral part of these consolidated financial statements.



**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In thousands of american dollars, except the amounts per share)  
(Notes 1, 2 and 3)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Net sales.....	5	\$ 6,576,230	\$ 5,596,621
Cost of sales.....	21	<u>(4,242,620)</u>	<u>(3,617,119)</u>
<b>Gross profit.....</b>		2,333,610	1,979,502
Selling and administrative expenses.....	21	(1,514,344)	(1,351,299)
Other expenses, net.....	22	<u>(41,671)</u>	<u>(18,060)</u>
<b>Operating income.....</b>		777,595	610,143
Comprehensive financing cost, net.....	24	<u>(147,646)</u>	<u>(100,088)</u>
<b>Income before income tax.....</b>		629,949	510,055
Income tax expense.....	25	<u>(222,126)</u>	<u>(190,865)</u>
<b>Consolidated net income from continuing operations.....</b>		407,823	319,190
Income from discontinued operations.....	27	<u>24,827</u>	<u>-</u>
<b>Consolidated net income.....</b>		<u>\$ 432,650</u>	<u>\$ 319,190</u>
Attributable to:			
Controlling interest .....		\$ 429,452	\$ 319,222
Non-controlling interest.....		<u>3,198</u>	<u>(32)</u>
		<u>\$ 432,650</u>	<u>\$ 319,190</u>
<b>From continued operations:</b>			
Basic and diluted earnings per share (dollars).....		<u>\$ 1.10</u>	<u>\$ 0.85</u>
<b>From discontinued operations:</b>			
Basic and diluted earnings per share (dollars).....		<u>\$ 0.06</u>	<u>\$ -</u>
<b>From continued and discontinued operations:</b>			
Basic and diluted earnings per share (dollars).....		<u>\$ 1.16</u>	<u>\$ 0.85</u>
Weighted average shares outstanding (thousands).....		<u>369,909</u>	<u>373,564</u>

The accompanying notes are an integral part of these consolidated financial statements.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In thousands of american dollars)  
(Notes 1, 2 and 3)

	Note	2023	2022
<b>Consolidated net income</b> .....		\$ 432,650	\$ 319,190
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of employment benefit obligations.....	18	(3,137)	1,875
Income taxes.....	13	727	(240)
		<u>(2,410)</u>	<u>1,635</u>
Items that will be subsequently reclassified to profit or loss:			
Cumulative translation adjustments.....		120,784	5,275
Cash flow hedges.....	20	(60,347)	35,456
Other.....		346	376
Income taxes.....	13	(14,416)	(23,680)
		<u>46,367</u>	<u>17,427</u>
Other comprehensive income, net of tax.....		<u>43,957</u>	<u>19,062</u>
<b>Total comprehensive income</b> .....		<u>\$ 476,607</u>	<u>\$ 338,252</u>
Total comprehensive income for the period attributable to:			
Controlling interest.....		\$ 473,412	\$ 337,498
Non-controlling interest.....		3,195	754
		<u>\$ 476,607</u>	<u>\$ 338,252</u>
Total comprehensive income for the period attributable to shareholders arises from:			
Continuing operations.....		\$ 451,943	\$ 337,498
Discontinued operations.....		21,469	-
		<u>\$ 473,412</u>	<u>\$ 337,498</u>

The accompanying notes are an integral part of these consolidated financial statements.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In thousands of american dollars)  
(Notes 1, 2 and 3)

	Common stock (Note 19-A)		Reserves					Total equity
	Number of shares (thousands)	Amount	Cumulative translation adjustments (Note 19-C)	Cash flow hedges and other reserves (Note 20-C)	Retained earnings and other reserves (Note 19-B)	Total controlling interest	Non-controlling interest	
<b>Balances as of January 1, 2022.....</b>	381,032	\$ 377,854	\$ (415,559)	\$ 56,931	\$ 1,418,103	\$ 1,437,329	\$ (1,108)	\$ 1,436,221
Transactions with shareholders:								
Dividends declared (5.40 pesos per share).....	-	-	-	-	(98,296)	(98,296)	-	(98,296)
Purchase of own shares.....	(10,723)	(6,580)	-	-	(122,405)	(128,985)	-	(128,985)
	(10,723)	(6,580)	-	-	(220,701)	(227,281)	-	(227,281)
Costs of cash flow hedging transferred to the carrying value of inventory purchased during the year, includes taxes of \$42,718.....	-	-	-	(113,607)	-	(113,607)	-	(113,607)
	(10,723)	(6,580)	-	(113,607)	(220,701)	(340,888)	-	(340,888)
Comprehensive income:								
Net income of the year.....	-	-	-	-	319,222	319,222	(32)	319,190
Net investment hedge and translation adjustments, includes taxes of (\$10,780).....	-	-	(6,291)	-	-	(6,291)	786	(5,505)
Remeasurement of employment benefit obligations, includes taxes of (\$240).....	-	-	-	-	1,635	1,635	-	1,635
Cash flow hedges, includes taxes of (\$12,900).....	-	-	-	22,556	-	22,556	-	22,556
Other .....	-	-	-	-	376	376	-	376
Comprehensive income of the year.....	-	-	(6,291)	22,556	321,233	337,498	754	338,252
<b>Balances as of December 31, 2022.....</b>	<b>370,309</b>	<b>371,274</b>	<b>(421,850)</b>	<b>(34,120)</b>	<b>1,518,635</b>	<b>1,433,939</b>	<b>(354)</b>	<b>1,433,585</b>
Transactions with shareholders:								
Dividends declared (5.40 pesos per share).....	-	-	-	-	(110,594)	(110,594)	-	(110,594)
Purchase of own shares.....	(1,180)	(837)	-	-	(18,222)	(19,059)	-	(19,059)
	(1,180)	(837)	-	-	(128,816)	(129,653)	-	(129,653)
Costs of cash flow hedging transferred to the carrying value of inventory purchased during the year, includes taxes of (\$23,821).....	-	-	-	62,739	-	62,739	-	62,739
	(1,180)	(837)	-	62,739	(128,816)	(66,914)	-	(66,914)
Comprehensive income:								
Net income of the year.....	-	-	-	-	429,452	429,452	3,198	432,650
Net investment hedge and translation adjustments, includes taxes of (\$32,660).....	-	-	88,127	-	-	88,127	(3)	88,124
Remeasurement of employment benefit obligations, includes taxes of \$727.....	-	-	-	-	(2,410)	(2,410)	-	(2,410)
Cash flow hedges, includes taxes of \$18,244.....	-	-	-	(42,103)	-	(42,103)	-	(42,103)
Other .....	-	-	-	-	346	346	-	346
Comprehensive income of the year.....	-	-	88,127	(42,103)	427,388	473,412	3,195	476,607
<b>Balances as of December 31, 2023.....</b>	<b>369,129</b>	<b>\$ 370,437</b>	<b>\$ (333,723)</b>	<b>\$ (13,484)</b>	<b>\$ 1,817,207</b>	<b>\$ 1,840,437</b>	<b>\$ 2,841</b>	<b>\$ 1,843,278</b>

The accompanying notes are an integral part of these consolidated financial statements.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In thousands of american dollars)  
(Notes 1, 2 and 3)

	Note	2023	2022
Operating activities:			
<b>Income before taxes</b> .....		\$ 629,949	\$ 510,055
Derivative financial instruments.....	20 and 22	15,601	13,669
Foreign exchange loss from working capital.....		7,453	2,883
Net cost of the year for employee benefit obligations.....		19,249	15,919
Allowance for doubtful accounts.....		2,145	3,716
Damaged, slow-moving and obsolete inventory.....		9,018	12,420
Items related with investing activities:			
Depreciation and amortization.....		224,029	196,558
Impairment of long-lived assets.....		4,667	2,147
Interest income.....		(9,192)	(4,041)
Gain in sale of property plant and equipment.....	22	(807)	(1,741)
Items related with financing activities:			
Derivative financial instruments.....	20 and 24	-	(2,175)
Foreign exchange loss (gain) from debt.....		6	(10)
Foreign exchange gain from lease liability.....		(2,845)	(1,281)
Interest expense.....		142,890	95,968
		<u>1,042,163</u>	<u>844,087</u>
Accounts receivable.....		2,426	(232,628)
Inventories.....		44,258	(232,977)
Prepaid expenses.....		(6,279)	1,322
Trade accounts payable.....		(143,900)	15,132
Accrued liabilities and other accounts payables.....		27,023	82,071
Income taxes paid.....		(212,409)	(163,635)
Payments of employee benefits obligations.....		(12,303)	(13,106)
		<u>(301,184)</u>	<u>(543,821)</u>
<b>Net cash inflow from operating activities</b> .....		<u>740,979</u>	<u>300,266</u>
Investing activities:			
Acquisitions of property, plant and equipment.....	5 and 10	(211,006)	(297,515)
Sale of property, plant and equipment.....		6,060	152
Acquisition of intangible assets.....	12	(88)	(654)
Sale of subsidiaries shares.....	27b)	24,827	-
Interests collected.....		9,192	4,041
Other.....		(12,524)	(4,384)
		<u>(183,539)</u>	<u>(298,360)</u>
<b>Net cash outflow from investing activities</b> .....		<u>(183,539)</u>	<u>(298,360)</u>
<b>Cash to be used in financing activities</b> .....		<u>557,440</u>	<u>1,906</u>
Financing activities:			
Proceeds from debt.....	14	988,889	2,110,723
Payment of debt.....	14	(1,156,188)	(1,708,842)
Payment of lease liability.....		(58,069)	(45,483)
Interests paid.....		(124,764)	(75,034)
Interests paid on lease liability.....		(17,867)	(16,786)
Derivative financial instruments paid.....		-	(1,126)
Purchase of own shares.....		(19,380)	(131,330)
Dividends paid.....		(111,730)	(97,500)
		<u>(499,109)</u>	<u>34,622</u>
<b>Net cash (outflow) inflow from financing activities</b> .....		<u>(499,109)</u>	<u>34,622</u>
Net increase in cash and cash equivalents.....		58,331	36,528
Effects of exchange rate changes on cash and cash equivalents.....		7,851	(7,632)
<b>Cash and cash equivalents at the beginning of the year</b> .....		<u>283,864</u>	<u>254,968</u>
<b>Cash and cash equivalents at the end of the year</b> .....		<u>\$ 350,046</u>	<u>\$ 283,864</u>

The accompanying notes are an integral part of these financial statements.

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**1. ENTITY AND OPERATIONS**

Gruma, S.A.B. de C.V. (GRUMA) is a Mexican company with subsidiaries located in Mexico, the United States of America, Central America, Europe, Asia and Oceania, together referred to as the “Company”. The Company’s main activities are the production and sale of corn flour, tortillas and related products.

GRUMA is a publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*) organized under the laws of Mexico. The address of its registered office is Calzada del Valle 407 in San Pedro Garza García, Nuevo León, Mexico. GRUMA is listed on the Mexican Stock Exchange.

The consolidated financial statements were authorized by the Chief Administrative Office of the Company on April 3, 2024.

**2. BASIS OF PREPARATION**

The consolidated financial statements of Gruma, S.A.B. de C.V. and Subsidiaries for all the periods presented have been prepared in accordance with the accounting International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The accounting IFRS also include the International Accounting Standards (IAS) in force, as well as all the related interpretations issued by the IFRS Interpretations Committee, including those previously issued by the Standing Interpretations Committee.

The Company adopted the following standard and amendments that were effective starting January 1, 2023, which had no impact on the Company’s financial position or results of operations:

- IFRS 17, Insurance Contracts.
- Amendments to IAS 8, Definition of Accounting Estimates.
- Amendments to IAS 12, International Tax Reform – Pillar Two Model Rules. (see Note 25D)
- Amendments to IAS 12, Deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 1, Disclosure of accounting policies. In accordance with this amendment, the Company's Management revised the Summary of Material Accounting Policies note and made updates to the information disclosed in certain instances.

**A) BASIS OF MEASUREMENT**

The consolidated financial statements have been prepared based on historical cost, except for the fair value of certain financial instruments as described in the policies shown below (see Note 3-K).

The preparation of financial statements requires that management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates. The key factors in the estimates and assumptions remain the same as those applied in the previous year.

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**B) FUNCTIONAL AND PRESENTATION CURRENCY**

The functional currency of GRUMA, parent company, is in Mexican pesos. The presentation currency of the consolidated financial statements is the american dollar.

In these financial statements and its notes, when reference is made to dollars or "\$", it refers to thousands of american dollars, also, when reference is made to "Ps.", it means thousands of Mexican pesos.

**C) USE OF ESTIMATES AND JUDGMENTS**

The relevant estimates and assumptions are reviewed on a regular basis. The revisions of accounting estimates are recognized in the period in which the estimate is reviewed and in any future period that is affected.

In particular, the information for assumptions, uncertainties from estimates, and critical judgments in the application of accounting policies, that have the most significant effect in the recognized amounts in these consolidated financial statements are described below:

- The assumptions used for the determination of fair values of financial instruments (Note 20).
- The assumptions and uncertainties with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income (Notes 13 and 25).
- The key assumptions in impairment testing for long-lived assets used for the determination of the recoverable amount for the different cash generating units (Notes 10 and 12).
- The actuarial assumptions used for the determination of employee benefits obligations (Note 18).

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

**A) BASIS OF CONSOLIDATION**

**a. Subsidiaries**

The subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are incorporated in the consolidated financial statements starting on the date on which the control begins, until the date such control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Company.

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As of December 31, the main subsidiaries included in the consolidation are:

	<u>2023</u>	<u>2022</u>
Gruma Corporation and subsidiaries.....	100.00	100.00
Grupo Industrial Maseca, S.A. de C.V. and subsidiaries.....	100.00	100.00
Gruma International Foods, S.L. and subsidiaries.....	100.00	100.00
Mission Foods México, S. de R.L. de C.V.....	100.00	100.00

At December 31, 2023 and 2022, there are no significant restrictions on the investment of the subsidiaries mentioned above.

**B) FOREIGN CURRENCY**

**a. Foreign currency transactions**

Transactions that are realized in a different functional currency of each consolidated entity are translated using the exchange rates effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at year-end exchange rates. The differences that arise from the translation of foreign currency transactions are recognized in the income statement.

**b. Currency translation of entities**

Currency translation of entities for subsidiaries with non-hyperinflationary economies

The financial statements of the Company’s entities are measured using the currency of the main economic environment where each entity operates (functional currency). The consolidated financial statements are presented in american dollars, currency that corresponds to the presentation currency of the Company.

The financial position and results of the entities that have a functional currency which differs from the Company’s presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate of the year.
- Income and expenses are translated at average exchange rates when it has not fluctuated significantly during the period.
- Equity is translated at the effective exchange rate in the date when the contributions were made and the earnings were generated.
- All resulting exchange differences are recognized in other comprehensive income as a separate component of equity denominated “Cumulative translation adjustments”.

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Currency translation of entities for subsidiaries with hyperinflationary economies

Previous to the translation to american dollars, the financial statements of entities whose functional currency is from an hyperinflationary environment, are adjusted by the inflation factor in order to reflect the changes in purchasing power of the local currency. Subsequently, assets, liabilities, equity, income, costs, and expenses are translated to the presentation currency at the closing rate at the end of the period. To determine the existence of hyperinflation, the Company evaluates the qualitative characteristics of the economic environment, as well as the quantitative characteristics established by IFRS of an accumulated inflation rate equal or higher than 100% in the past three years.

The Company presents the hyperinflation effects and reporting currency translation in equity in the item cumulative translation adjustments, because it is considered that the combination of both effects meets the definition of exchange difference in accordance with IAS 21.

The Company applies hedge accounting to foreign exchange differences originated between the functional currency of a foreign subsidiary and the functional currency of GRUMA. Exchange differences resulting from the translation of a financial liability designated as hedge for a net investment in a foreign subsidiary, are recognized in “other comprehensive income” as a separate component denominated “Cumulative translation adjustments” while the hedge is effective. See Note 3-K for the accounting of the net investment hedge.

The closing exchange rates used to prepare the consolidated statement of financial position are as follows:

Per american dollar	As of December 31, 2023	As of December 31, 2022
Mexican Peso.....	16.8935	19.3615
Euro.....	0.9046	0.9340
Pound sterling .....	0.7841	0.8281
Swiss franc .....	0.8399	0.9236
Australian dollar.....	1.4652	1.4677
Chinese yuan .....	7.0827	6.9646
Malaysian ringgit.....	4.5940	4.4040
Costa Rica colon.....	526.88	601.99
Ukrainian hryvnia.....	37.9824	36.5686
Russian ruble.....	89.6883	70.3375
Turkish lira.....	29.4382	18.6983

**c. Recognition of the effects of inflation in countries with hyperinflationary economies**

The Company recognizes the effects of inflation in the financial information of its subsidiaries when they operate in a hyperinflationary economy.



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The main procedures to apply the effects of inflation to the financial information of the subsidiary are the following:

- Non-monetary assets such as property, plant and equipment, intangible assets and inventories that are not registered in actual values at the date of the statement of financial position, as well as equity components, are restated by applying the corresponding inflation factors since the acquisition or contribution date.
- Items of the statement of comprehensive income are restated by applying the inflation factors, except for depreciation and amortization, and the cost impact of the inventories at the time of consumption.
- Gain or loss of monetary assets held is presented in income statement and is determined by applying the inflation factor of the period to the difference between monetary assets and liabilities.

**Turkey**

Starting April 2022, Turkey is considered a hyperinflationary economy due mainly to the accumulated inflation in the last 3 years that surpassed the 100%. The downturn of the economic condition and the foreign exchange controls, support the conclusion that, for accounting purposes, is a hyperinflationary economy. From that date, the financial information of the subsidiary located in Turkey has been adjusted to recognize the cumulative effects of inflation with retroactive effects from January 1, 2022. These effects did not represent a significant impact in the consolidated accounts of the Company.

**C) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash and short term highly liquid investments with original maturities of less than three months. These items are recognized at historical cost, which do not differ significantly from its fair value.

**D) ACCOUNTS RECEIVABLE**

Trade receivables are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method, less provision for impairment. The Company has determined that the amortized cost does not represent significant differences with respect to the invoiced amount from short-term trade receivables, since the transactions do not have relevant associated costs.

Allowances for doubtful accounts or impairment represent expected future credit losses. The recognition of these losses is obliged since the moment the trade receivable is recognized.

**E) INVENTORIES**

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the average cost method. The net realizable value is the estimated selling price of inventory in the normal course of business, less applicable variable selling expenses. The cost of finished goods and production in process includes raw materials, direct labor, other direct costs and related production overheads. Cost of inventories could also include the transfer from comprehensive income within equity of any gains or losses on cash flow hedges for purchases of raw materials.

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**F) PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are valued at acquisition cost, less accumulated depreciation and recognized impairment losses. Cost includes expenses that are directly attributable to the asset acquisition.

Subsequent costs, including major improvements, are capitalized and are included in the carrying value of the asset or recognized as a separate asset, only when it is probable that future economic benefits associated with the specific asset will flow to the Company and the costs can be measured reliably. Repairs and maintenance are recognized in the income statement when incurred. Major improvements are depreciated during the remaining useful life of the related asset. Replacement and spare parts that the Company expects to use in more than one year and are attributable to a specific machine should be recognized within Property, plant and equipment. Leasehold improvements are depreciated in accordance with the useful life of the improvement component or the remaining lease term. Land is not depreciated.

Costs of borrowings, general and specific, of qualifying assets that require a substantial period of time (over one year) for acquisition or construction, are capitalized as part of the acquisition cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

Depreciation is calculated over the asset cost less residual value, considering its components separately. Depreciation is recognized in income using the straight-line method and applying annual rates that reflect the estimated useful lives of the assets. The estimated useful lives are summarized as follows:

	<b>Years</b>
Buildings.....	25 – 50
Machinery and equipment.....	5 – 25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses from sale of assets result from the difference between revenues of the transaction and the book value of the assets, which is included in the income statement as other expenses, net.

**G) INTANGIBLE ASSETS**

**a. Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to the operating segment.

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**b. Intangible assets with finite useful lives**

Intangible assets with finite useful lives are carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

	<u>Years</u>
Non-compete agreements.....	3 – 20
Patents and trademarks.....	3 – 20
Customer lists.....	5 – 20
Software for internal use.....	3 – 7

**c. Intangible assets with indefinite useful lives**

Intangible assets with indefinite useful lives are not amortized, but subject to impairment tests on an annual basis or whenever the circumstances indicate that the value of the asset might be impaired.

**d. Research and development**

Research costs are expensed when incurred.

Costs from development activities are recognized as an intangible asset when such costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits will be obtained, and the Company pretends and has sufficient resources in order to complete the development and use or sell the asset. The amortization is recognized in income based on the straight-line method during the estimated useful life of the asset.

Development costs that do not qualify as intangible assets are recognized in income when incurred.

**H) IMPAIRMENT OF LONG-LIVED ASSETS**

The Company performs impairment tests for its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives, when certain events and circumstances suggest that the carrying value of the assets might not be recovered. Intangible assets with indefinite useful lives and goodwill are subject to impairment tests at least once a year.

An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of an asset’s fair value less costs to sell and value in use. To determine value in use, estimated future cash flows are discounted at present value, using a discount rate after tax that reflect time value of money and considering the specific risks associated with the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit) and in some cases they are grouped to evaluate them at the operating segment level.

Impairment losses on goodwill are not reversed. For other assets, impairment losses are reversed if a change in the estimates used for determining the recoverable amount has occurred. Impairment losses are reversed to the extent that the book value does not exceed the book value that was determined, net of depreciation or amortization, if no impairment loss was recognized.

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**I) LONG-LIVED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

Long-lived assets are classified as held for sale when (a) their carrying amount is to be recovered mainly through a sale transaction, rather than through continuing use, (b) the assets are held immediately for sale and (c) the sale is considered highly probable in its current condition.

For the sale to be considered highly probable:

- Management must be committed to a sale plan.
- An active program must have begun in order to locate a buyer and to complete the plan.
- The asset must actively be quoted for its sale at a price that is reasonable to its current fair value; and
- The sale is expected to be completed within a year starting the date of classification.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Discontinued operations are the operations and cash flows that can be clearly distinguished from the rest of the entity, that either have been disposed of or have been classified as held for sale, and:

- Represent a line of business or geographical area of operations.
- Are part of a single coordinated plan to dispose of a line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

**J) FINANCIAL INSTRUMENTS**

**a. Financial assets**

(i) Classification

The Company classifies its financial assets in the following categories:

- Those to be measured at amortized cost.
- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss).

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company classifies a financial asset to be measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

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The Company classifies a financial asset to be measured at fair value through other comprehensive income if the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

(ii) Recognition

Regular purchases and sales of financial assets are recognized in the balance sheet on the trade date, which is the date when the Company commits to purchase or sell the instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognized as expense.

After initial recognition, the Company measures financial assets at amortized cost or at fair value with changes in other comprehensive income or in results of the year.

(iv) Impairment

The Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the trade receivables and long-term notes and accounts receivable.

To measure the expected credit losses, the assets have been grouped based on shared credit risk characteristics and the days past since their initial recognition. The expected loss rates are based on the payment profiles of sales over a period of 12 months before December 31, 2023 and 2022, respectively, and the corresponding historical credit losses experienced within this period.

Accounts receivable and long-term receivables are canceled when there is no reasonable expectation of collection.

**b. Financial liabilities**

(i) Classification

The Company classifies its financial liabilities to be measured at amortized cost, except for the liabilities from derivative financial instruments that are measured at fair value through profit or loss.

Debt and financial liabilities

Debt and financial liabilities that are non-derivatives are initially recognized at fair value, net of transaction costs directly attributable to them; subsequently, these liabilities are recognized at amortized cost. The difference between the net proceeds and the amount payable is recognized in the income statement during the debt term, using the effective interest rate method.

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Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities for trading (derivative financial instruments).

(ii) Derecognition

Financial liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in income.

**c. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when the right to offset the recognized amounts is legally enforceable and there is an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**K) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES**

Derivative financial instruments are initially recognized at fair value and are subsequently re-measured at their fair value; the transaction costs are recognized in the income statement when incurred. Derivative financial instruments are classified as current, except for maturities exceeding twelve months.

Fair value is determined based on recognized market prices. When not quoted in markets, fair value is determined using valuation techniques commonly used in the financial sector. Fair value reflects the credit risk of the instrument and includes adjustments to consider the credit risk of the Company or the counterparty, when applicable.

The method for recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge and the nature of the item being hedged.

For derivative financial instruments that are entered into to hedge certain risks and do not qualify for hedge accounting, the changes in the fair value of such instruments are recognized immediately in the income statement as Other expenses, net or Comprehensive financing cost, net, according to the nature of the hedged item.

The derivative financial instruments that the Company designates and qualifies as accounting hedges, are classified as follows:

- Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

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The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, including objectives, strategies for risk management and the method for assessing effectiveness in the hedge relationship. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

**a. Fair value hedges**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk, see Note 20-C.

**b. Cash flow hedges**

For cash flow hedge transactions, changes in the fair value of the derivative financial instrument are included as other comprehensive income in equity, based on the evaluation of the hedge effectiveness, see Note 20-C.

When option contracts are used to hedge forecast transactions, the Company designates only the intrinsic value of the options as the hedging instrument. Gains or losses related to the effective portion of the change in the intrinsic value of the options are recognized in other comprehensive income within equity. Changes in the time value of options that are related to the hedged item (aligned time value) are recognized in other comprehensive income within equity. The intrinsic value of options on foreign currency transactions is determined by reference to the spot exchange rate of the relevant market. The spread between the contracted strike price and the discounted market spot rate is defined as time value. When material, the value is discounted.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in income as other expenses, net.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately registered in the income statement. However, when the forecasted transaction recognizes a non-financial asset or non-financial liability, the cumulative gains or losses recognized in other comprehensive income are transferred from equity and included in the initial measurement of the non-financial asset or non-financial liability.

**c. Net investment hedge**

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold, see Note 19-C.

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**L) TRADE ACCOUNTS AND OTHER ACCOUNTS PAYABLES**

These balances represent the liabilities for goods and services provided to the Company before the end of the year that have not been paid. The amounts are not guaranteed and are generally paid within 30 days of recognition. Suppliers and other accounts payable are presented as current liabilities unless the balance is not payable within 12 months after the reporting period.

The Company has established supplier financing programs, through which they can discount their documents with different financial institutions. The balance payable derived from these programs is recognized within Trade accounts payable in the consolidated balance sheet, without generating a payment obligation with the financial institution. The financial cost of these operations is by the suppliers. This supplier program is presented as an operating activity in the statement of cash flows.

Accounts payable are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method.

**M) LEASES**

Contracts with counterparties celebrated by the Company, in which the transfer of the right to control the use of an identified asset for a certain term in exchange for a consideration, are classified as leases. There is control if the Company obtains the economic benefits from the use of the asset and has the right to direct and decide on the use of the asset during the term of the lease.

The Company applies the lease accounting model, which consists in the recognition of all leases within the statement of financial position. Contracts celebrated by the Company for more than a 12-month term and whose underlying asset has a value greater than five thousand American dollars are recognized as leases.

For contracts that contain both lease and non-lease components, the Company, in its capacity as lessee, allocates the component value as follows:

- When there is an observable individual price for each component, it is separated and allocated according to the specific individual prices of the components, and applies for all assets of that class.
- When there is no individual price for some or all the components, the components will not be separated and are accounted for as a single lease component, and applies to all assets of that class.

The term of a lease is determined based on the non-cancellable period of the lease contract, plus the optional renewable periods agreed in such contract, if the Company is reasonably certain to extend by considering factors such as: improvements made to the leased asset, penalties for not extending the contract, determination of high costs to be incurred for the replacement of the leased asset, among others; and that the extension option can only be exercised by the Company.



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Lease liabilities include the net present value of the following lease payments:

- a) Fixed lease payments, minus lease incentives receivable;
- b) Variable lease payments that are based on an index or a rate;
- c) Amounts expected to be payable by the group under residual value guarantees;
- d) The exercise price of a purchase option if the group is reasonably certain to exercise that option;  
and
- e) Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

For leases, the Company recognizes, at the beginning of the contract, a liability equivalent to the present value of the lease payments agreed in the contract, discounted using the incremental interest rate. After the start date, the lease liability is measured by increasing its carrying value to reflect the accrued interest and decreasing its carrying value to reflect the lease payments made.

The incremental interest rate is determined using the interest rates of comparable bonds of companies with similar credit ratings as the Company, plus the Company's credit risk factor and the risk factor from the country where the asset is located. The above mentioned is considering a similar lease contract and similar security.

For property, plant and equipment leases containing terms of variable payments in which lease payments are modified during the term of the lease, possible future increases in variable lease payments are considered as part of the lease liability. Until effective, the lease liability is reassessed, and the right-of-use asset is adjusted.

The interest expense of a lease liability is recognized monthly by applying the incremental interest rate the term of the lease.

At the beginning of the lease contract, the right-of-use asset is recognized at cost. The cost of the asset includes the present value of the lease payments agreed in the contract and the initial direct costs incurred by the Company, such as restorations or dismantling; after that date, the carrying value of the right-of-use asset is measured decreasing the accumulated depreciation and the accumulated impairment losses.

The Company applies the straight-line method for the depreciation of the right-of-use assets, which begins on the start date of the lease.

The right-of-use assets are normally depreciated in a straight line during the shortest period between the useful life of the asset and the lease term. If the Company has reasonable certainty to exercise a purchase option, the right-of-use asset depreciates over the useful life of the underlying asset.

The Company recognizes in income the payments for short-term leases or those in which the underlying asset is of low value, applying the straight-line method during the lease period.

For full or partial termination of lease contracts, the Company as lessee will recognize the new measurement of the lease liability adjusting the book value of the right-of-use asset resulting from the lease termination and the related gains or losses will be recognized in income of the year.

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The Company applies impairment tests to the right-of-use assets when there are indications that the carrying value of the assets may not be recovered. See Note 3-H.

**N) EMPLOYEE BENEFITS**

**a. Post-employment benefits**

In Mexico, the Company has the following defined benefit plans:

- Single-payment retirement plan, when employees reach the required retirement age, which is 60.
- Seniority premium, after 15 years of service.

The Company has established trust funds to meet its obligations for the seniority premium. Employees do not contribute to these funds.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation, less the fair value of plan assets. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using discount rates in accordance with IAS 19, that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement.

In the United States, the Company has saving and investment plans that incorporate voluntary employees 401(k) contributions with matching contributions of the Company in this country. The Company's contributions are recognized in the income statement when incurred.

**b. Termination benefits**

Termination benefits are payable when employment is terminated by decision of the Company before the normal retirement date.

The Company recognizes termination benefits as a liability at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognizes restructuring costs that represents a provision and involves the payment of termination benefits. Termination benefits that do not meet this requirement are recognized in the income statement in the period when incurred.

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**c. Short term benefits**

Short term employee benefits are measured at nominal base and are recognized as expenses as the related service is provided. If the Company has the legal or constructive obligation to pay as a result of a service rendered by the employee in the past and the amount can be estimated, an obligation is recognized for short term bonuses or profit sharing.

**O) PROVISIONS**

Provisions are recognized when (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

**P) REVENUE RECOGNITION**

The Company produces and sells corn flour, packaged tortilla and other related products such as flat bread, snacks and corn grits. The Company serves wholesale and retail markets, as well as institutional markets. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the products, the risks of loss and obsolescence have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract.

Revenue from sales is recognized based on the price specified in the contract, net of discounts, volume rebates and returns. Volume rebates are estimated, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a short-term credit.

A receivable is recognized when the products are delivered as this is the point in time that the consideration is unconditional.

The payments made to customers, which represent a modification of the transaction price, are presented as a decrease of revenue.

**Q) INCOME TAXES**

The tax expense of the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized from the analysis of the balance sheet considering temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates that have been approved or substantially approved at the date of the balance sheet and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for tax loss carry-forwards not used, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In each period-end deferred income tax assets are reviewed and reduced to the extent that it is not probable that the benefits will be realized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to set off assets against liabilities and are related to income tax levied by the same tax authority on the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**R) EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, which include convertible debt and share options.

For the years ended December 31, 2023 and 2022, the Company had no dilutive instruments issued.

**S) SEGMENT INFORMATION**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity. Operating results from an operating segment are regularly reviewed by the entity's chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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**4. RISK AND CAPITAL MANAGEMENT**

**A) RISK MANAGEMENT**

The Company is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk, liquidity risk and climate change risk. The Company's risk management policy focuses on the risks that prevents or endangers the accomplishment of its financial objectives, seeking to minimize the potential adverse effects on its financial performance. The Company uses derivative financial instruments to hedge some of these risks.

**Currency risk**

The Company operates internationally and thus, is exposed to currency risks for foreign currency operations, mainly with the american dollar. Currency risks arise from commercial operations, recognized assets and liabilities and net investments in foreign subsidiaries.

The following tables detail the exposure of the Company to currency risks at December 31, 2023 and 2022. The tables show the foreign currency exposure of the Company's financial instruments expressed in american dollars.

At December 31, 2023:

	Amounts in thousands of american dollars				
	American dollar	Sterling pound	Euros	Costa Rica colons and others	Total
Monetary assets:					
Current <sup>(1)</sup> .....	\$ 166,563	\$ -	\$ 38,650	\$ 226	\$ 205,439
Non-current.....	10,077	-	-	-	10,077
Monetary liabilities:					
Current.....	(430,836)	(195)	(340)	(26)	(431,397)
Non-current <sup>(2)</sup> .....	(725,613)	-	-	-	(725,613)
Net position.....	<u>\$ (979,809)</u>	<u>\$ (195)</u>	<u>\$ 38,310</u>	<u>\$ 200</u>	<u>\$ (941,494)</u>

At December 31, 2022:

	Amounts in thousands of american dollars				
	American dollar	Sterling pound	Euros	Costa Rica colons and others	Total
Monetary assets:					
Current <sup>(1)</sup> .....	\$ 104,463	\$ 39	\$ 6,015	\$ 405	\$ 110,922
Non-current.....	2,886	-	-	-	2,886
Monetary liabilities:					
Current.....	(87,531)	(12)	(621)	(3)	(88,167)
Non-current <sup>(2)</sup> .....	(1,109,794)	-	-	-	(1,109,794)
Net position.....	<u>\$ (1,089,976)</u>	<u>\$ 27</u>	<u>\$ 5,394</u>	<u>\$ 402</u>	<u>\$ (1,084,153)</u>

(1) Approximately 28% and 29% of this balance corresponds to accounts receivable for 2023 and 2022, respectively.

(2) The currency risk for debt denominated in american dollars reside in companies that are not located in the United States of America. However, this debt generates an economic hedge on Gruma's investment in its subsidiaries in the United States of America (Gruma Corporation and Subsidiaries).

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For the years ended December 31, 2023 and 2022, the effects of exchange rate differences on the Company's monetary assets and liabilities were recognized as follows:

	<b>2023</b>	<b>2022</b>
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investment in foreign subsidiaries, recorded directly to equity as an effect of foreign currency translation adjustments (Note 19-C).....	\$ 156,954	\$ 65,501
Exchange differences, net, arising from foreign currency transactions recognized in the income statement (Note 24).....	(4,614)	(1,592)
	<b>\$ 152,340</b>	<b>\$ 63,909</b>

Considering that GRUMA's functional currency is the Mexican peso, the exposure related to monetary assets and liabilities in foreign currency as of December 31, 2023 and 2022, and assuming an increase or decrease of 10% in the Peso/U.S. dollar exchange rates while keeping constant the rest of the variables such as interest rates, the effect after taxes in the Company's consolidated results will be an increase or a decrease of \$8,604 and \$638, respectively.

**Interest rate risk**

The variations in interest rates could affect the cash flow and interest expense of financial liabilities bearing variable interest rates and could also modify the fair value of financial liabilities bearing fixed interest rates.

For the Company, interest rate risk is mainly derived from debt financing transactions, including debt securities, bank and vendor credit facilities and leases. These financing transactions generate exposure to interest rate risk, principally due to changes in relevant base rates (mainly SOFR and TIEE) that are used to determine the interest rates applicable to the borrowings.

At a global level, a reform of reference interest rates was carried out, including the replacement of certain interbank reference rates (IBOR) with alternative rates reference close to being risk-free. From December 2021, the authority that regulates the London interbank rate (LIBOR) began the elimination of some of its rate terms. Starting 2022 the main banking institutions began to provide new financing at variable rate only based on SOFR rates. Likewise, the LIBOR rates of the most common maturities were no longer published as of June 30, 2023, which was the deadline for migrating variable-rate financing referenced to current IBOR rates.

During 2023, the Company's Treasury managed the transition plan for IBOR rates. The Treasury signed amending agreements to establish the migration of LIBOR rates to SOFR in line with market practices for the existing contracts, without a material impact to recognize. Likewise, the new financing and credit lines with variable rates contracted during 2022 and 2023 have already been negotiated with interest rates based on SOFR. In this way, as of June 2023, all debt contracted with a variable rate uses SOFR rates as a reference. (See Note 14).

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The following table shows, at December 31, 2023 and 2022, the Company's debt at fixed and variable rates:

	Amounts in thousands of american dollars	
	2023	2022
Debt at fixed interest rate.....	\$ 797,983	\$ 793,324
Debt at variable interest rate.....	728,870	815,252
Total.....	\$ 1,526,583	\$ 1,608,576

For variable rate debt, an increase in interest rates will increase interest expense. A hypothetical increase of 100 basis points in interest rates on debt at December 31, 2023 and 2022 will have an effect on the results of the Company of \$7,289 and \$8,153, respectively, considering debt and interest rates at that date, and assuming that the rest of the variables remain constant.

**Commodity price risk**

The availability and price of corn, wheat and other agricultural commodities and fuels, are subject to wide fluctuations due to factors outside of the Company's control, such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in global demand and supply due to population growth and global production of similar and competitive crops, as well as fuels.

The Company hedges a portion of its production requirements through commodity futures, swaps and options contracts in order to reduce the risk created by price fluctuations and supply of corn, wheat, natural gas, and soy oils which exist as part of ongoing business operations (see Note 20-C). The contracting hedges of purchases that exceed the maximum production requirements for a period longer than 18 months, requires the authorization of the Board of Directors in accordance with the Company's corporate policies.

**Credit risk**

The Company's regular operations expose it to defaults when customers and counterparties are unable to comply with their financial commitments. The Company seeks to mitigate this risk by entering into transactions with a diverse pool of counterparties. However, the Company continues to remain subject to unexpected third party financial failures that could disrupt its operations.

The Company is also exposed to risks in connection with its activities of cash management and obtaining debt and temporary investments, and any disruption that affects its financial intermediaries could also adversely affect its operations.

The Company's exposure to risk due to trade receivables is limited given the large number of its customers located in different parts of Mexico, the United States, Central America, Europe, Asia and Oceania. For this reason, there is not a significant concentration of credit risk. However, the Company still maintains allowances for doubtful accounts. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Since most of the clients do not have an independent rating of credit quality, the Company's management determines the maximum credit risk for each one, considering its financial position, past experience, and other factors. Credit limits are established according with the policies set by the Company, which also includes controls that assure its compliance.

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Default results when the counterparties do not make their contractual payments within the agreed period.

During 2023 and 2022, the established credit limits were met and, consequently, management does not expect any important losses from trade accounts receivable.

Cash and cash equivalents are invested in highly liquid investments, with non-trading purposes and low risk, mainly in government repos, bank repos and directly with financial institutions of recognized prestige, and receivable in the short term. The Company do not invest in stock markets.

The Company faces credit risk from potential defaults of their counterparts with respect to the derivative financial instruments used. Substantially none of these financial instruments are guaranteed. Additionally, when the Company enters into hedge contracts for exchange rates, interest rates and/or commodities, it minimizes the risk of default by the counterparts by contracting derivative financial instruments only with major national and international financial institutions using contracts and standard forms issued by the *International Swaps and Derivatives Association, Inc.* ("ISDA") and operations standard confirmation formats.

**Liquidity risk**

The Company funds its liquidity and capital resource requirements through a variety of sources, including:

- cash generated from operations;
- committed and uncommitted short-term and long-term lines of credit;
- medium- and long-term debt contracting;
- offerings in Bond markets; and
- sales of its equity securities and those of its subsidiaries and affiliates from time to time.

Factors that could decrease the sources of liquidity include a significant decrease in the demand for, or price of, our products, or a considerable increase in the cost of raw materials, which could limit the amount of cash generated from operations. The Company's liquidity is also affected partially by factors such as the volatility of currencies, changes in interest rates, and a decrease of the corporate credit rating, which could further impair the liquidity and increase costs with respect to new debt and cause a negative impact in stock price.



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The following tables show the remaining contractual maturities of financial liabilities of the Company:

At December 31, 2023:

	<u>Less than a year</u>	<u>From 1 to 3 years</u>	<u>From 3 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Short and long term debt.....	\$ 411,837	\$ 469,932	\$ 649,822	\$ -	\$ 1,531,591
Interest payable from short and long term debt.....	95,208	137,079	55,864	-	288,151
Trade accounts and other payables.....	704,628	-	-	-	704,628
Short and long term lease liability.....	69,977	114,549	72,288	262,137	518,951
Derivative financial instruments(*).....	14,079	-	-	-	14,079
	<u>\$ 1,295,729</u>	<u>\$ 721,560</u>	<u>\$ 777,974</u>	<u>\$ 262,137</u>	<u>\$ 3,057,400</u>

(\*) As of December 31, 2023 in the Consolidated statement of financial position, the financial liability recognized for futures contracts is presented offset with the amount of margin calls required to the Company on this contracts for an amount of \$12,868.

At December 31, 2022:

	<u>Less than a year</u>	<u>From 1 to 3 years</u>	<u>From 3 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Short and long term debt.....	\$ 146,971	\$ 671,117	\$ 692,089	\$ 103,338	\$ 1,613,515
Interest payable from short and long term debt.....	84,174	145,443	82,766	2,615	314,998
Trade accounts and other payables.....	771,552	-	-	-	771,552
Short and long term lease liability.....	60,379	110,119	72,121	283,485	526,104
Derivative financial instruments(*).....	34,731	-	-	-	34,371
	<u>\$ 1,097,807</u>	<u>\$ 926,679</u>	<u>\$ 846,976</u>	<u>\$ 389,438</u>	<u>\$ 3,260,900</u>

(\*) As of December 31, 2022 in the Consolidated statement of financial position, the financial liability recognized for futures contracts is presented offset with the amount of margin calls required to the Company on this contracts for an amount of \$27,560.

The Company expects to meet its obligations with cash flows generated by operations.

Additionally, the Company has access to credit line agreements with various banks to address potential cash needs.

**Climate change risk**

The Company recognizes the challenge that the climate change represents for the global community and its fundamental role in mitigating this risk. The Company understands that its operating methodologies can have an ecological impact and that its firmly dedicated to operating sustainably. Therefore, it continually explores ways to reduce its carbon footprint, preserve natural resources and reduce waste.

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The Company has outlined an ESG Model divided into four pillars, together with its operating framework, to create value effectively by addressing its relevant topics and taking advantage of risks, obligations and opportunities in the economic, environmental and social fields. The Company's ESG model is divided into four pillars: 1) Business ethics, 2) Defense of human rights, 3) Health, nutrition and food safety, and 4) Team with nature, this last pillar deals with matters related to climate change, identifying physical risks (extreme weather events) and transition risks (political, legal, technological advances, market, reputation, among others).

The Company is evaluating the effects that climate change will have on its estimates, assumptions and projections, as well as the impact that could result on its financial situation and results of operations, and has not identified risks associated with climate change that could adversely and materially affect its operations; and the aforementioned strategies also do not have an impact on the financial condition or results of operations, so there was no material effect on the judgments and estimates used to prepare the financial statements. Nevertheless as management continually evaluates the impact of climate-related matters and tries to anticipate, the effects of climate change could have an impact on the Company's performance and future financial condition.

## **B) CAPITAL MANAGEMENT**

The Company's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) are to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk, to protect the Company's ability to continue as a going concern while taking advantage of strategic opportunities to provide sustainable returns for shareholders.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics, or sell assets to reduce debt.

In addition, to monitor capital, debt agreements contain financial covenants which are disclosed in Note 14.

## **5. SEGMENT INFORMATION**

The Company's reportable segments are strategic business units that offer different products in different geographical regions. These business units are managed separately because each business segment requires different technology and marketing strategies.

The Company's reportable segments are as follows:

- **Corn flour and packaged tortilla division (United States):**  
Manufactures and distributes more than 20 varieties of corn flour that are used mainly to produce and distribute different types of tortillas and tortilla chip products in the United States. The main brands are MASECA for corn flour and MISSION and GUERRERO for packaged tortillas.

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- Corn flour division (Mexico):  
Engaged principally in the production, distribution and sale of corn flour in Mexico under MASECA brand. Corn flour produced by this division is used mainly in the preparation of tortillas and other related products.
- Corn flour and packaged tortilla and other (Europe):  
Manufactures and distributes varieties of flour that are used to produce different types of tortillas, flat breads, grits and other in the same category in Europe. The main brands are MASECA for corn flour and MISSION for packaged products.
- Other segments:  
This section represents those segments whose amounts on an individual basis do not exceed 10% of the consolidated total of net sales, operating income and assets. These segments are:
  - a) Corn flour, hearts of palm, rice, and other products (Central America).
  - b) Packaged tortillas (Mexico).
  - c) Wheat flour tortillas and snacks (Asia and Oceania).
  - d) Technology and equipment, which conducts research and development regarding flour and tortilla manufacturing equipment, produces machinery for corn flour and tortilla production and is engaged in the construction of the Company's corn flour manufacturing facilities.
  - e) Balanced feed for livestock (Mexico)

All inter-segment sales prices are market-based. The Chief Executive Officer evaluates performance based on operating income of the respective business units. The accounting policies for the reportable segments are the same as the policies described in Note 3.

Segment information as of and for the year ended December 31, 2023 and the year ended in that period:

	<u>Corn flour and packaged tortilla division (United States)</u>	<u>Corn flour division (Mexico)</u>	<u>Corn flour and packaged tortilla division (Europe)</u>	<u>Other segments</u>	<u>Eliminations and corporate expenses</u>	<u>Total</u>
Net sales to external customers.....	\$ 3,637,803	\$ 1,735,700	\$ 434,841	\$ 767,886	\$ -	\$ 6,576,230
Inter-segment net sales.....	7,723	188,789	646	190,938	(388,096)	-
Operating income.....	565,159	111,073	24,010	54,076	23,277	777,595
Depreciation and amortization.....	138,929	47,072	14,119	34,952	(11,043)	224,029
Total assets.....	1,914,307	1,348,059	545,391	953,186	(77,849)	4,683,094
Total liabilities.....	755,926	217,460	157,458	202,278	1,506,694	2,839,816
Expenditures paid in the year for fixed assets	87,063	59,715	10,006	63,673	(9,451)	211,006

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Segment information as of and for the year ended December 31, 2022 and the year ended in that period:

	Corn flour and packaged tortilla division (United States)	Corn flour division (Mexico)	Corn flour and packaged tortilla division (Europe)	Other segments	Eliminations and corporate expenses	Total
Net sales to external customers.....	\$ 3,190,405	\$ 1,321,559	\$ 420,195	\$ 664,462	\$ -	\$ 5,596,621
Inter-segment net sales.....	6,317	150,033	588	160,786	(317,724)	-
Operating income.....	440,935	115,633	8,529	35,764	9,282	610,143
Depreciation and amortization.....	125,681	60,484	13,934	30,535	(34,076)	196,558
Total assets.....	1,918,446	1,227,622	526,385	839,098	(124,895)	4,386,656
Total liabilities.....	749,080	317,210	173,062	179,897	1,533,822	2,953,071
Expenditures paid in the year for fixed assets....	156,400	48,861	13,146	81,512	(2,404)	297,515

A summary of information by geographic segment for the years ended December 31, 2023 and 2022 is presented below:

	2023	%	2022	%
<u>Net sales to external customers:</u>				
United States.....	\$ 3,637,803	55	\$ 3,190,405	57
Mexico.....	1,881,467	29	1,421,937	25
Europe.....	434,841	7	420,195	8
Central America.....	364,969	6	322,617	6
Asia and Oceania.....	257,150	4	241,467	4
	<u>\$ 6,576,230</u>	<u>100</u>	<u>\$ 5,596,621</u>	<u>100</u>
<u>Expenditures paid in the year for fixed assets:</u>				
United States.....	\$ 87,063	41	\$ 156,400	53
Mexico.....	87,882	43	101,317	34
Europe.....	10,006	5	13,146	4
Central America.....	6,957	3	7,946	3
Asia and Oceania.....	19,098	9	18,706	6
	<u>\$ 211,006</u>	<u>100</u>	<u>\$ 297,515</u>	<u>100</u>
<u>Identifiable assets</u>				
United States.....	\$ 1,914,307	41	\$ 1,918,446	44
Mexico.....	1,701,270	36	1,463,375	33
Europe.....	545,391	12	526,385	12
Central America.....	228,877	5	191,062	4
Asia and Oceania.....	293,249	6	287,388	7
	<u>\$ 4,683,094</u>	<u>100</u>	<u>\$ 4,386,656</u>	<u>100</u>

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

	At December 31, 2023	At December 31, 2022
Cash at bank.....	\$ 343,831	\$ 280,145
Short-term investments (less than 3 months).....	6,215	3,719
	<u>\$ 350,046</u>	<u>\$ 283,864</u>

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**7. ACCOUNTS RECEIVABLE**

Accounts receivable comprised the following:

	<u>At December 31, 2023</u>	<u>At December 31, 2022</u>
Trade accounts and notes receivable.....	\$ 571,277	\$ 555,872
Accounts receivable with Venezuelan companies.....	-	5,145
Recoverable value-added tax.....	98,340	72,252
Other debtors.....	7,874	18,895
Allowance for doubtful accounts.....	(12,528)	(10,280)
Impairment of accounts receivable with Venezuelan companies.....	-	(5,145)
	<u>\$ 664,963</u>	<u>\$ 636,739</u>

The age analysis of accounts receivable is as follows:

	<u>Total</u>	<u>Not past due date balances</u>	<u>Past due balances</u>		
			<u>1 to 120 days</u>	<u>121 to 240 days</u>	<u>More than 240 days</u>
Accounts receivable.....	\$ 579,151	\$ 475,118	\$ 94,351	\$ 2,424	\$ 7,258
Allowance for doubtful accounts..	(12,528)	(3,296)	(1,774)	(1,123)	(6,335)
Total at December 31, 2023.....	<u>\$ 566,623</u>	<u>\$ 471,822</u>	<u>\$ 92,577</u>	<u>\$ 1,301</u>	<u>\$ 923</u>

	<u>Total</u>	<u>Not past due date balances</u>	<u>Past due balances</u>		
			<u>1 to 120 days</u>	<u>121 to 240 days</u>	<u>More than 240 days (*)</u>
Accounts receivable.....	\$ 574,767	\$ 465,023	\$ 96,119	\$ 1,774	\$ 11,851
Allowance for doubtful accounts..	(10,280)	(2,306)	(1,245)	(696)	(6,033)
Total at December 31, 2022.....	<u>\$ 564,487</u>	<u>\$ 462,717</u>	<u>\$ 94,874</u>	<u>\$ 1,078</u>	<u>\$ 5,818</u>

(\*) Accounts receivable with Venezuelan companies refer to discontinued operations and were not included in the age analysis of accounts receivable for 2022.

For the years ended December 31, 2023 and 2022, the movements on the current and non-current allowance for doubtful accounts (Note 9) are as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance .....	\$ (11,265)	\$ (9,659)
Allowance for doubtful accounts.....	(2,145)	(3,716)
Receivables written off during the year.....	1,659	2,441
Cumulative translation adjustments.....	(1,059)	(331)
Ending balance.....	<u>\$ (12,810)</u>	<u>\$ (11,265)</u>

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**8. INVENTORIES**

Inventories consisted of the following:

	<b>At December 31, 2023</b>	<b>At December 31, 2022</b>
Raw materials, mainly corn and wheat.....	\$ 663,274	\$ 647,487
Finished products.....	141,690	121,410
Materials and spare parts.....	174,050	175,129
Production in process.....	12,405	14,573
Advances to suppliers.....	3,654	3,028
Inventory in transit.....	15,299	8,189
	<u>\$ 1,010,372</u>	<u>\$ 969,816</u>

For the years ended December 31, 2023 and 2022, the cost of raw materials consumed and the changes in the inventories of production in process and finished goods, recognized as cost of sales amounted to \$2,368,542 and \$1,923,043, respectively.

For the years ended December 31, 2023 and 2022, the Company recognized \$9,018 and \$12,420, respectively, for inventory that was damaged, slow-moving and obsolete.

**9. LONG-TERM NOTES, ACCOUNTS RECEIVABLE AND OTHER ASSETS**

Long-term notes, accounts receivable and other assets are as follows:

	<b>At December 31, 2023</b>	<b>At December 31, 2022</b>
Long-term notes receivable.....	\$ 9,957	\$ 7,712
Guarantee deposits.....	15,106	7,123
Other.....	10,418	327
Allowance for long-term doubtful accounts.....	(282)	(985)
	<u>\$ 35,199</u>	<u>\$ 14,177</u>

At December 31, 2023 and 2022, long-term notes receivable are denominated in pesos, maturing from 2025 to 2033 and bearing monthly interests at an annual average fixed rate of 16% for 2023 and 2022.

**10. PROPERTY, PLANT AND EQUIPMENT**

Changes in property, plant and equipment for the years ended December 31, 2023 and 2022 were as follows:

	<b>Land and buildings</b>	<b>Machinery and equipment</b>	<b>Leasehold improvements</b>	<b>Construction in progress</b>	<b>Total</b>
<b>At December 31, 2021...</b>					
Cost.....	\$ 667,668	\$ 2,262,674	\$ 183,777	\$ 155,965	\$ 3,270,084
Accumulated depreciation.....	(224,843)	(1,320,746)	(76,814)	-	(1,622,403)
Net book value.....	<u>442,825</u>	<u>941,928</u>	<u>106,963</u>	<u>155,965</u>	<u>1,647,681</u>

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	<u>Land and buildings</u>	<u>Machinery and equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
<b>For the year ended</b>					
<b>December 31, 2022</b>					
Opening net book value...	442,825	941,928	106,963	155,965	1,647,681
Exchange differences.....	4,688	9,868	734	1,344	16,634
Additions.....	40,779	57,089	56	193,031	290,955
Disposals/derecognition (Note 22).....	(56)	(2,239)	-	(358)	(2,653)
Depreciation charge of the year.....	(14,494)	(120,052)	(6,913)	-	(141,459)
Transfers.....	5,481	43,661	778	(49,920)	-
Assets leased, net of depreciation.....	-	6,560	-	-	6,560
Other .....	11,639	(8,103)	5,504	(4,799)	4,241
Impairment.....	-	(144)	-	-	(144)
Closing net book value...	<u>490,862</u>	<u>928,568</u>	<u>107,122</u>	<u>295,263</u>	<u>1,821,815</u>
<b>At December 31, 2022</b>					
Cost.....	735,763	2,343,523	190,918	295,263	3,565,467
Accumulated depreciation.....	<u>(244,901)</u>	<u>(1,414,955)</u>	<u>(83,796)</u>	-	<u>(1,743,652)</u>
Net book value.....	<u>490,862</u>	<u>928,568</u>	<u>107,122</u>	<u>295,263</u>	<u>1,821,815</u>
<b>For the year ended</b>					
<b>December 31, 2023</b>					
Opening net book value...	490,862	928,568	107,122	295,263	1,821,815
Exchange differences.....	23,865	55,383	2,163	8,575	89,986
Additions.....	3,020	62,476	231	135,982	201,709
Disposals/derecognition (Note 22).....	(683)	(3,801)	-	(679)	(5,163)
Depreciation charge of the year.....	(15,753)	(133,441)	(7,209)	-	(156,403)
Transfers.....	17,119	103,438	101,906	(222,463)	-
Assets leased, net of depreciation.....	-	9,297	-	-	9,297
Other.....	-	(4,305)	1,098	(2,522)	(5,729)
Closing net book value...	<u>518,430</u>	<u>1,017,615</u>	<u>205,311</u>	<u>214,156</u>	<u>1,955,512</u>
<b>At December 31, 2023</b>					
Cost.....	790,407	2,555,316	298,324	214,156	3,858,203
Accumulated depreciation.....	<u>(271,977)</u>	<u>(1,537,701)</u>	<u>(93,013)</u>	-	<u>(1,902,691)</u>
Net book value.....	<u>\$ 518,430</u>	<u>\$ 1,017,615</u>	<u>\$ 205,311</u>	<u>\$ 214,156</u>	<u>\$ 1,955,512</u>

For the years ended December 31, 2023 and 2022, depreciation expense was recognized as follows:

	<u>2023</u>	<u>2022</u>
Cost of sales.....	\$ 120,915	\$ 110,493
Selling and administrative expenses.....	35,488	30,966
	<u>\$ 156,403</u>	<u>\$ 141,459</u>

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At December 31, 2023 and 2022, property, plant and equipment included idle assets with a carrying value of approximately \$3,466 and \$3,077, respectively, resulting from the temporary shut-down of the productive operations of various plants in Mexico, mainly in the corn flour division.

For the year ended December 31, 2023 the Company did not recognized impairment losses from fixed assets, and for the year ended December 2022, the Company recognized impairment losses from fixed assets of \$144, in other expenses, net.

The impairment loss for 2022 corresponds to the subsidiary Grupo Industrial Maseca. S.A. de C. V. and subsidiaries, which is within the Corn flour México segment.

## 11. LEASES

Leases information where the Company acts as a lessee is as follows.

### A) AMOUNTS RECOGNIZED IN THE BALANCE SHEET

As of December 31, 2023 and 2022, the consolidated balance sheet presents the following amounts related to leases:

	<u>At December 31, 2023</u>	<u>At December 31, 2022</u>
<b>Right-of-use assets:</b>		
Land.....	\$ 134	\$ 106
Buildings.....	288,906	301,798
Machinery and equipment.....	38,345	31,285
	<u>\$ 327,385</u>	<u>\$ 333,189</u>
<b>Lease liabilities:</b>		
Short term.....	\$ 58,103	\$ 49,107
Long term.....	306,754	318,305
	<u>\$ 364,857</u>	<u>\$ 367,412</u>

The additions to right-of-use assets in 2023 and 2022 are \$54,212 and \$115,369, respectively.

The following table presents the changes in the Company's lease liabilities:

	<u>2023</u>	<u>2022</u>
Beginning balance.....	\$ 367,412	\$ 319,080
New contracts.....	54,212	115,369
Lease payments.....	(75,936)	(62,269)
Foreign currency exchange effect.....	(2,845)	(1,281)
Financia expenses.....	17,867	16,786
Full or partial termination of contracts <sup>(a)</sup> .....	(2,027)	(23,673)
Cumulative translation adjustments.....	6,174	3,400
Ending balance.....	<u>\$ 364,857</u>	<u>\$ 367,412</u>

(a) During fiscal year 2022, a cancellation of a lease contract liability is included for an amount of \$16,647 due to the Company acquired the property originally leased. The Company made this purchase of the property for an amount of \$35,000. This cancellation of the lease did not generate penalties for the Company.



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**B) AMOUNTS RECOGNIZED IN THE INCOME STATEMENT**

For the years ended December 31, 2023 and 2022, the consolidated income statement presents the following amounts related to leases:

	2023	2022
Depreciation expense of the right-of-use assets:		
Land.....	\$ 173	\$ 163
Buildings.....	46,095	41,877
Machinery and equipment.....	17,365	12,181
	\$ 63,633	\$ 54,221
Interest expense.....	\$ 17,867	\$ 16,786
Gain for foreign currency exchange effect.....	(2,845)	(1,281)
Short-term lease expense.....	22,241	26,055
Lease expense for low value assets .....	2,404	2,851
Expenses related to variable lease payments not included in the lease liability.....	100	17

Total cash flow from leases for the years ended December 31, 2023 and 2022 amounted to \$100,681 and \$91,192, respectively.

**C) DESCRIPTION OF LEASE ACTIVITIES**

The Company, as a lessee, enters into various lease contracts related to facilities and equipment. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Lease agreements do not impose compliance with any financial ratios. Leased assets cannot be sold or used as collateral to obtain debt.

**D) VARIABLE LEASE PAYMENTS**

Certain lease agreements contain terms of variable payments that depend on a price index, so the rent payable is modified during the term of the lease. Possible future increases in variable lease payments are considered as part of the lease liability until effective; at that time, the lease liability is reassessed, and the right-of-use asset is adjusted.

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**12. INTANGIBLE ASSETS**

Changes in intangible assets for the years ended December 31, 2023 and 2022 were as follows:

	Intangible assets acquired					Total
	Goodwill	Covenants not to compete	Patents and trade- marks	Customer lists	Software for internal use and other	
<b>At December 31, 2021...</b>						
Cost.....	\$ 166,771	\$ 22,781	\$ 8,226	\$ 13,202	\$ 40,382	\$ 251,362
Accumulated amortization.....	-	(22,781)	(5,099)	(9,133)	(20,301)	(57,314)
Net book value.....	<u>166,771</u>	<u>-</u>	<u>3,127</u>	<u>4,069</u>	<u>20,081</u>	<u>194,048</u>
<b>For the year ended December 31, 2022</b>						
Opening net book value...	166,771	-	3,127	4,069	20,081	194,048
Exchange differences.....	(2,712)	-	(171)	(212)	592	(2,503)
Additions.....	-	-	-	-	654	654
Amortization charge.....	-	-	(72)	(637)	(471)	(1,180)
Impairment.....	(2,003)	-	-	-	-	(2,003)
Closing net book value...	<u>162,056</u>	<u>-</u>	<u>2,884</u>	<u>3,220</u>	<u>20,856</u>	<u>189,016</u>
<b>At December 31, 2022</b>						
Cost.....	162,056	23,105	4,843	8,623	37,739	236,366
Accumulated amortization.....	-	(23,105)	(1,959)	(5,403)	(16,883)	(47,350)
Net book value.....	<u>162,056</u>	<u>-</u>	<u>2,884</u>	<u>3,220</u>	<u>20,856</u>	<u>189,016</u>
<b>For the year ended December 31, 2023</b>						
Opening net book value...	162,056	-	2,884	3,220	20,856	189,016
Exchange differences.....	11,339	-	(33)	29	2,745	14,080
Additions.....	-	-	-	-	88	88
Amortization charge.....	-	-	-	(667)	(3,758)	(4,425)
Impairment.....	(4,667)	-	-	-	-	(4,667)
Others.....	-	-	650	(650)	-	-
Closing net book value...	<u>168,728</u>	<u>-</u>	<u>3,501</u>	<u>1,932</u>	<u>19,931</u>	<u>194,092</u>
<b>At December 31, 2023</b>						
Cost.....	168,728	26,481	4,926	8,558	32,653	241,346
Accumulated amortization.....	-	(26,481)	(1,425)	(6,626)	(12,722)	(47,254)
Net book value.....	<u>\$ 168,728</u>	<u>\$ -</u>	<u>\$ 3,501</u>	<u>\$ 1,932</u>	<u>\$ 19,931</u>	<u>\$ 194,092</u>

At December 31, 2023 and 2022, only trademarks and goodwill, are considered indefinite-lived intangible assets.

For the years ended December 31, 2023 and 2022, amortization expense was recognized as follows:

	2023	2022
Selling and administrative expenses.....	\$ 3,993	\$ 878
Financial expenses.....	432	302
	<u>\$ 4,425</u>	<u>\$ 1,180</u>

Research and development costs of \$13,557 and \$10,001 that did not qualify for capitalization were recognized in the income statement for the years ended December 31, 2023 and 2022, respectively.

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Goodwill acquired in business combinations is allocated at acquisition date to the cash-generating units (CGU) that are expected to benefit from the synergies of the business combinations. The carrying values of goodwill allocated to the CGU or a group of CGU are as follows:

<u>Cash-generating unit</u>	<u>At December 31, 2023</u>	<u>At December 31, 2022</u>
Mission Foods Division (1).....	\$ 60,451	\$ 60,451
Gruma España (2).....	38,755	37,535
Gruma Corporation.....	12,594	10,989
Rositas Investments Pty, Ltd (2).....	10,067	10,049
Semolina A.S (2).....	7,893	1,335
Azteca Milling, L.P (1).....	7,363	12,030
NDF Azteca Milling Europe SRL (2).....	6,314	6,044
Grupo Industrial Maseca, S.A. de C.V.....	5,838	5,094
Gruma Reino Unido (2).....	5,302	5,135
Agroindustrias Integradas del Norte, S.A. de C.V (3).....	5,110	4,459
Gruma Centroamérica (2).....	2,488	2,488
Soltse Mexico (2).....	1,812	2,311
Molinos Azteca de Chiapas, S.A. de C.V (3).....	1,667	1,454
Harinera de Yucatán, S.A. de C.V (3).....	1,118	975
Harinera de Maíz de Mexicali, S.A. de C.V (3).....	1,031	900
Molinos Azteca, S.A. de C.V (3).....	528	461
Harinera de Maíz de Jalisco, S.A. de C.V (3).....	397	346
	<u>\$ 168,728</u>	<u>\$ 162,056</u>

(1) Subsidiary of Gruma Corporation

(2) Subsidiary of Gruma International Foods, S.L.

(3) Subsidiary of Grupo Industrial Maseca, S.A. de C.V.

On June 2023, the Company recognized a non-monetary charge in the operating results, in “other expenses, net” of \$4,667 due to the goodwill impairment associated with the business segment of “Azteca Milling, L.P.” associated with corn flour and packaged tortilla division United States business segment.

On March 2022, the Company recognized a non-monetary charge in the operating results, in “other expenses, net” of \$2,003 due to the goodwill impairment associated with the business segment of "Altera, LLC" located in Ukraine and associated with the European corn flour and packaged tortilla business segment. (See Note 30).

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In 2023 and 2022, the discount rates and growth rates used by the Company to determine the discounted cash flows of the CGU are the following:

<b>Cash-generating unit</b>	<b>After-tax discount rates</b>		<b>Growth rates</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Mission Foods Division.....	5.5%	4.6%	1.8%	1.8%
Gruma Spain.....	7.4%	7.9%	1.8%	2.3%
Gruma UK.....	7.0%	6.9%	1.7%	1.6%
Azteca Milling, L.P.....	6.9%	6.0%	1.8%	1.8%
Gruma Corporation.....	5.5%	4.6%	1.8%	1.8%
Rositas Investment PTY, LTD.....	6.4%	5.9%	2.1%	2.4%
NDF Azteca Milling Europe SRL.....	8.0%	8.6%	1.0%	1.1%
Grupo Industrial Maseca, S.A. de C.V.....	7.1%	6.7%	1.8%	2.1%
Semolina A.S.....	10.8%	11.6%	3.1%	1.3%
Agroindustrias Integradas del Norte, S.A. de C.V.	8.4%	8.1%	1.8%	2.1%
Gruma Centroamérica.....	10.0%	17.5%	3.2%	3.2%
Solntse Mexico.....	14.5%	14.4%	0.9%	0.3%
Molinos Azteca de Chiapas, S.A. de C.V.....	8.4%	8.1%	1.8%	2.1%
Harinera de Yucatán, S.A. de C.V.....	8.4%	8.1%	1.8%	2.1%
Harinera de Maíz de Mexicali, S.A. de C.V.....	8.4%	8.1%	1.8%	2.1%
Molinos Azteca, S.A. de C.V.....	8.4%	8.1%	1.8%	2.1%
Harinera de Maíz de Jalisco, S.A. de C.V.....	8.4%	8.1%	1.8%	2.1%

The discount rate used reflects the Company's specific risks related to its operations. The long-term growth rate used is consistent with projections included in industry reports.

With respect to the determination of the recoverable amount of CGUs, the Company's management considered that a possible change of an increase of 100 basis points in the discount rate after taxes and a decrease of 10% in the long-term growth rates, in independent analysis, will not cause that the CGU's carrying value to materially exceed their value in use and separately. The recovery amount of cash-generating units has been determined based on calculations of the values in use. These calculations use cash flow projections based on financial budgets approved by the Company's management for a 5-year period.

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**13. DEFERRED TAX ASSETS AND LIABILITIES**

**A) COMPONENTS OF DEFERRED TAX**

The principal components of deferred tax assets and liabilities are summarized as follows:

	(Asset) Liability	
	At December 31, 2023	At December 31, 2022
Net operating loss carryforwards and other tax credits.....	\$ (55,990)	\$ (74,610)
Lease liability.....	(94,022)	(94,415)
Customer advances.....	(76)	-
Allowance for doubtful accounts.....	(1,252)	(685)
Liability provisions.....	(53,428)	(45,579)
Employee benefits obligations.....	(13,250)	(9,828)
Prepayment for trademarks license with affiliates.....	(2,753)	(6,241)
Intangible assets, net and others.....	-	(5,361)
Derivative financial instruments.....	-	(22,188)
Other.....	(2,551)	(1,605)
Deferred tax asset.....	<u>(223,322)</u>	<u>(260,512)</u>
Property, plant and equipment, net.....	59,548	62,704
Right-of-use asset, net.....	84,325	85,548
Prepaid expenses.....	986	1,249
Customer advance.....	-	31
Intangible assets, net and others.....	8,267	-
Investment in subsidiaries.....	85,858	79,945
Derivative financial instruments.....	1,413	-
Other.....	844	301
Deferred tax liability.....	<u>241,241</u>	<u>229,778</u>
Net provision for deferred tax.....	<u>\$ 17,919</u>	<u>\$ (30,734)</u>

At December 31, 2023 and 2022, the Company did not recognize a deferred income tax asset of \$31,357 and \$27,010, respectively, from the tax losses of its subsidiaries in Mexico, since sufficient evidence was not available to determine that these tax loss carryforwards will be realized during their amortization period. Additionally, as of December 31, 2023 and 2022, the Company did not recognize from its foreign subsidiaries a deferred tax asset derived from its tax losses of \$36,754 and \$27,126, respectively.

At December 31, 2023 and 2022, the undistributed taxable income of subsidiaries in México amounted to \$229,288 and \$181,470, respectively. No deferred income tax has been recognized for this undistributed taxable income, since the Company has the ability to control the time for its reversal and it is probable that in the near future these temporary differences will not reverse. If the Company had not chosen this option, the deferred tax liability of these items would have amounted to \$68,787 and \$54,441 of December 31, 2023 and 2022, respectively.

At December 31, 2023 and 2022, the Company recognized a deferred income tax liability of \$85,858 and \$79,945, respectively, from undistributed taxable income generated as of 2018 by the Company's subsidiaries in the United States (Gruma Corporation and subsidiaries) at a reduced rate for the effects of tax credits generated by the distributed profits. The reversal of this tax amount is made at the moment in which the subsidiaries distribute such profits to the Company through dividends.

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The changes in the temporary differences during the year were as follows:

	<b>Balance at January 1, 2023</b>	<b>Recogni- zed in income</b>	<b>Recognized in other compre- hensive income</b>	<b>Reclassifi- cations and others</b>	<b>Cumulative translation adjustments</b>	<b>Balance at December 31, 2023</b>
Net operating loss carryforwards and other tax credits.....	\$ (74,610)	\$ (6,712)	\$ 40,594*	\$ (5,348)	\$ (9,914)	\$ (55,990)
Lease liability.....	(94,415)	2,396	-	-	(2,003)	(94,022)
Customer advances.....	-	(104)	-	(31)	59	(76)
Allowance for doubtful accounts..	(685)	(204)	-	(249)	(114)	(1,252)
Liability provisions .....	(45,579)	(5,035)	-	(139)	(2,675)	(53,428)
Employee benefits obligations...	(9,828)	(1,166)	(727)	-	(1,529)	(13,250)
Prepayment for trademarks license with affiliates.....	(6,241)	3,814	561	-	(887)	(2,753)
Intangible assets and others.....	(5,361)	14,354	-	(8,267)	(726)	-
Derivative financial instruments..	(22,188)	-	-	22,188	-	-
Others.....	(1,605)	(701)	2	-	(247)	(2,551)
Deferred tax asset.....	(260,512)	6,642	40,430	8,154	(18,036)	(223,322)
Property, plant and equipment...	62,704	(1,910)	-	(831)	(415)	59,548
Right-of-use asset.....	85,548	(2,979)	-	-	1,756	84,325
Prepaid expenses.....	1,249	(508)	-	-	245	986
Customer advance.....	31	-	-	31	(62)	-
Intangible assets, net and others.	-	-	-	8,267	-	8,267
Investment in subsidiaries.....	79,945	2,872	(8,495)	-	11,536	85,858
Derivative financial instruments.	-	16,056	8,573	(22,188)	(1,028)	1,413
Others.....	301	266	-	252	25	844
Deferred tax liability.....	229,778	13,797	78	(14,469)	12,057	241,241
Net provision for deferred taxes	<u>\$ (30,734)</u>	<u>\$ 20,439</u>	<u>\$ 40,508</u>	<u>\$ (6,315)</u>	<u>\$ (5,979)</u>	<u>\$ 17,919</u>

\* Corresponds to the deferred income tax on net investment hedge of foreign subsidiaries.

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	Balance at January 1, 2022	Recogni- zed in income	Recognized in other compre- hensive income	Reclassifi- cations and others	Cumulative translation adjustments	Balance at December 31, 2022
Net operating loss carryforwards and other tax credits.....	\$ (96,079)	\$ 11,776	\$ 13,756	\$ -	\$ (4,063)	\$ (74,610)
Lease liability.....	(83,258)	(9,272)	-	-	(1,885)	(94,415)
Customer advances.....	(7)	36	-	(31)	2	-
Allowance for doubtful accounts..	(605)	(39)	-	-	(41)	(685)
Liability provisions.....	(41,769)	(5,882)	-	3,931	(1,859)	(45,579)
employee benefits obligations....	(8,711)	(753)	240	-	(604)	(9,828)
Prepayment of trademarks license with affiliates.....	(16,514)	10,061	(102)	-	314	(6,241)
Intangible assets and others.....	-	-	-	(5,361)	-	(5,361)
Derivative financial instruments..	-	-	-	(22,188)	-	(22,188)
Others.....	(981)	(574)	(19)	-	(31)	(1,605)
Deferred tax asset.....	<u>(247,924)</u>	<u>5,353</u>	<u>13,875</u>	<u>(23,649)</u>	<u>(8,167)</u>	<u>(260,512)</u>
Property, plant and equipment...	71,266	(5,079)	-	(3,922)	439	62,704
Right-of-use asset.....	75,882	7,977	-	-	1,689	85,548
Prepaid expenses.....	1,506	(326)	-	2	67	1,249
Customer advance.....	-	-	-	31	-	31
Intangible assets, net and others.	175	(4,761)	-	5,358	(772)	-
Investment in subsidiaries.....	64,305	13,552	(2,855)	-	4,943	79,945
Derivative financial instruments.	11,424	(4,441)	(29,325)	22,188	154	-
Others.....	283	-	-	(1)	19	301
Deferred tax liability.....	<u>224,841</u>	<u>6,922</u>	<u>(32,180)</u>	<u>23,656</u>	<u>6,539</u>	<u>229,778</u>
Net provision for deferred taxes	<u>\$ (23,083)</u>	<u>\$ 12,275</u>	<u>\$ (18,305)</u>	<u>\$ 7</u>	<u>\$ (1,628)</u>	<u>\$ (30,734)</u>

**B) TAX LOSS CARRYFORWARDS**

At December 31, 2023, the Company had tax loss carryforwards from its subsidiaries in Mexico, which amounted to approximately \$173,773, whose right to be amortized against future earnings expires as detailed below:

Year	Amount
2024.....	\$ 2,483
2025.....	863
2026.....	645
2027.....	966
2028 and thereafter.....	168,816
Total.....	<u>\$ 173,773</u>

Based on the projections prepared by Management of the Company's fiscal results in future years, it has been determined that \$69,250 of tax losses may be used, so they have been recognized for the determination of deferred tax.

At December 31, 2023, the Company had tax loss carryforwards from its foreign subsidiaries, which amounted to approximately \$170,737, for which a deferred tax asset has not been recognized, considering that the projections prepared by the Company's management do not show enough evidence that these tax losses will be recovered.

**C) UNCERTAIN TAX POSITIONS**

At December 31, 2023 and 2022, the Company has no uncertain tax positions.

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**D) TAX EFFECTS FROM OTHER COMPREHENSIVE INCOME**

Deferred taxes related to other comprehensive income are comprised of:

	<u>At December 31, 2023</u>	<u>At December 31, 2022</u>
Net Investment hedge.....	\$ 32,660	\$ 10,799
Remeasurement of employment benefit obligations.....	(727)	240
Cash flow hedges reserve.....	8,573	(29,325)
Others.....	2	(19)
Total.....	<u>\$ 40,508</u>	<u>\$ (18,305)</u>

**14. DEBT**

Debt is summarized as follows:

Short-term:	<u>As of December 31, 2023</u>	<u>As of December 31, 2022</u>
Bank loans.....	\$ 11,837	\$ 135,506
Current portion of bank loans, notes and debt securities.....	399,335	11,465
	<u>\$ 411,172</u>	<u>\$ 146,971</u>
	<u>As of December 31, 2023</u>	<u>As of December 31, 2022</u>
Long-term:		
Bank loans, notes and debt securities.....	\$ 1,515,016	\$ 1,473,070
Current portion of long-term bank loans, notes and debt securities.....	(399,335)	(11,465)
	<u>\$ 1,115,681</u>	<u>\$ 1,461,605</u>

The terms, conditions and carrying values of debt are as follows:

	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>As of December 31, 2023</u>	<u>As of December 31, 2022</u>
10-year Senior notes.....	USD	4.88%, (b)	2024	399,512	399,169
Debt securities "Gruma22" (6).	Pesos	VAR. TIIE + 0.29%, (c)	2027	265,822	231,818
Bank Loan.....	USD	2.79%, (a)	2025	249,275	249,064
Club loan.....	USD	VAR. SOFR Daily + 1.11%, (d)	2026	199,331	199,163
Club loan (1).....	USD	VAR SOFR 3M + 1.30%, (a)	2028	139,296	-
Club Loan (4).....	USD	VAR SOFR 1M + 1.00%, (d)	2027	124,420	124,372
Debt securities "Gruma21".....	Pesos	7.00%, (b)	2028	118,032	102,922
Bank Loan.....	Euros	0.95%, (b)	2026	29,294	38,545
Bank Loan.....	Euros	1.53%, (b)	2024	1,871	3,624
Bank Loan.....	Pesos	VAR. TIIE + 0.18%	2023	-	131,704
Revolving Loan.....	USD	VAR. SOFR + 1.00%, (d)	2027	-	124,271
Bank Loans .....	Turkish Liras	13.55% - 18.10%	2023	-	3,924
Total.....				<u>\$ 1,526,853</u>	<u>\$ 1,608,576</u>

(a) Quarterly interest payments; (b) Semi-annual interest payments; (c) Interest payment every 28 days; (d) Monthly interest payments; the rest of the liabilities pay interest at maturity.



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As of December 31, 2022, short-term debt had an average interest rate of 10.07%, as of December 31, 2023 the Company has no short-term debt. As of December 31, 2023 and 2022, Net Comprehensive Financing Cost included interest expense related to debt amounting to \$126,844 and \$82,119, respectively.

As of December 31, 2023, the annual maturities of long-term debt outstanding were as follows:

<u>Year</u>	<u>Amount</u>
2025.....	\$ 258,754
2026.....	209,298
2027.....	390,259
2028.....	257,370
Total.....	<u>\$ 1,115,681</u>

The relevant debt transactions contracted during the years ended December 31, 2023 and 2022 are as follows:

- (1) On July 31, 2023, the Company obtained a credit for \$140,000, which was used to pay various existing liabilities and for general corporate uses. The loan was granted by BBVA and Banorte in equal parts for a 5-year term, with a variable three-month SOFR rate plus a spread of 130 basis points, payable in a single exhibition upon maturity.
- (2) On July 11, 2023, Gruma Corporation's committed revolving credit facility that matured in May 2024 was refinanced. The maturity was extended to July 11, 2028, and the amount of the facility was increased from \$250,000 to \$265,000 with a variable SOFR rate plus a spread of 125 to 190 basis points depending on the company's net leverage. As of December 31, 2023, the facility was not utilized.
- (3) On July 28, 2022, the Company obtained a committed line of credit for up to \$150,000, which will be used for general corporate purposes. The committed line of credit was granted by BBVA Mexico, S.A., Institucion de Banca Multiple, Grupo Financiero BBVA Mexico for a term of 5 years, with a SOFR rate plus a spread of 100 basis points. As of December 31, 2023, the facility was not utilized.
- (4) On September 27, 2022, the Company obtained a credit facility for \$125,000, which was used to refinance various existing liabilities. The credit was granted by The Bank of Nova Scotia for a term of 5 years, with a variable monthly SOFR rate plus a spread of 100 basis points, payable in a single installment at maturity.
- (5) On September 30, 2022, the Company obtained a committed line of credit for \$100,000, which will used for general corporate purposes. The committed line of credit was granted by Cooperatieve Rabobank U.A. New York Branch and Bank of America, N.A., with a 5-year term, with a SOFR rate plus a 10 basis points adjustment plus a spread of 105 basis points. As of December 31, 2023, the facility was not utilized.

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- (6) On October 10, 2022, the Mexican National Banking and Securities Commission (CNBV) authorized a new revolving short and long-term Debt Securities Program for a total authorized amount of Ps.10,000,000 (\$591,944). As part of this new Program, on October 11, 2022, the Company carried out a public offering of long-term debt securities “GRUMA22” in the local debt market for the amount of Ps.4,500,000 (\$266,375) with a 5-year term and accruing interest at an annual variable rate equal to 28-day TIIE plus a spread of 29 basis points. The Debt Securities were rated “AAA(mex)” on a local scale by Fitch Mexico and “mxAA+” by S&P Global Ratings. The funds from this public offering were used by the Company to prepay the “GRUMA18” Debt Securities maturing in 2023 and to refinance short-term debt.
- (7) As of December 31, 2023, the Company has contracted committed lines of credit for \$765,000, which are available and require the quarterly payment of unused fees from 0.20% to 0.35%, which are recognized as part of the financial expenses for the year.

Existing credit agreements contain a number of restrictions, mainly regarding compliance with financial ratios and delivery of financial information, which if not complied with or remedied within a certain period to the satisfaction of the creditors, could be considered as a cause for early termination. Financial ratios are calculated according with the formulas established in the credit agreements. The main financial ratios contained in the credit agreements are the following:

- Interest coverage ratio, defined as the ratio of consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of the last twelve months to consolidated interest charges of the last twelve months, should not be less than 2.5 times.
- Net Leverage ratio, defined as the ratio of consolidated net debt (determined as the sum of the outstanding principal balance of consolidated indebtedness and guarantees of the Company for obligations with third parties unrelated to the Company’s core business minus cash and cash equivalents), to consolidated EBITDA of the last twelve months, should be no greater than 3.5 times.

As of December 31, 2023 and 2022, the Company was in compliance with the financial covenants, as well as with the delivery of the required financial information.

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The table below details the changes in the Company's debt arising from financing activities:

	Short-term bank loans	Long-term bank loans, notes and debt securities	Total
<b>Balance at January 1, 2022</b> .....	\$ 54,679	\$ 1,133,695	\$ 1,188,374
Proceeds from debt.....	1,602,335	508,388	2,110,723
Payment of debt.....	(1,513,890)	(194,952)	(1,708,842)
Effect of changes in foreign exchange rates..	(670)	(64,831)	(65,501)
Debt issuance costs.....	-	(1,985)	(1,985)
Cumulative translation adjustments.....	4,517	80,042	84,559
Other non-cash changes.....	-	1,248	1,248
<b>Balance at December 31, 2022</b> .....	<u>146,971</u>	<u>1,461,605</u>	<u>1,608,576</u>
Proceeds from debt.....	823,889	165,000	988,889
Payment of debt.....	(994,545)	(161,643)	(1,156,188)
Effect of changes in foreign exchange rates..	-	(156,954)	(156,954)
Debt issuance costs.....	-	(108)	(108)
Reclassification to current portion of long term debt.....	399,335	(399,335)	-
Cumulative translation adjustments.....	35,522	206,144	241,666
Other non-cash changes.....	-	972	972
<b>Balance at December 31, 2023</b> .....	<u>\$ 411,172</u>	<u>\$ 1,115,681</u>	<u>\$ 1,526,853</u>

#### 15. TRADE ACCOUNTS PAYABLE

The Company has financing programs by which suppliers can discount their notes with different financial institutions (Citibanamex, BBVA, HSBC, Santander, Bank of America). The balance payable derived from these programs is recognized within trade accounts payable in the balance sheet. The financial cost for these operations is a charge to suppliers.

	At December 31, 2023	At December 31, 2022
Discounted balance payable by suppliers.....	<u>\$ 38,529</u>	<u>\$ 134,333</u>

#### 16. PROVISIONS

The movements of provisions are as follows:

	Labor provisions	Restoration provision	Tax provision	Legal Provision	Total
<b>Balance at January 1, 2022</b> .....	\$ 32,140	\$ 9,098	\$ 15	\$ -	\$ 41,253
Charge (credit) to income:					
Additional provisions.....	14,713	4,725	-	4,324	23,762
Unused amounts reserved.....	-	-	-	-	-
Used during the year.....	(12,477)	-	-	-	(12,477)
Cumulative translation adjustments.....	-	-	(1)	-	(1)
<b>Balance at December 31, 2022</b> .....	<u>34,376</u>	<u>13,823</u>	<u>14</u>	<u>4,324</u>	<u>52,537</u>
Charge (credit) to income:					
Additional provisions.....	19,489	1,889	-	-	21,378
Used during the year.....	(15,839)	-	-	-	(15,839)
Cumulative translation adjustments.....	-	-	-	617	617
<b>Balance at December 31, 2023</b> .....	<u>\$ 38,026</u>	<u>\$ 15,712</u>	<u>\$ 14</u>	<u>\$ 4,941</u>	<u>\$ 58,693</u>

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The classification of provisions is as follows:

	<u>Labor provisions</u>	<u>Restoration provision</u>	<u>Tax provision</u>	<u>Legal provision</u>	<u>Total</u>
<b>At December 31, 2022:</b>					
Current.....	\$ 11,988	\$ -	\$ -	\$ 4,324	\$ 16,312
Non-current.....	22,388	13,823	14	-	36,225
	<u>\$ 34,376</u>	<u>\$ 13,823</u>	<u>\$ 14</u>	<u>\$ 4,324</u>	<u>\$ 52,537</u>
<b>At December 31, 2023:</b>					
Current.....	\$ 19,485	\$ -	\$ -	\$ 4,941	\$ 24,426
Non-current.....	18,541	15,712	14	-	34,267
	<u>\$ 38,026</u>	<u>\$ 15,712</u>	<u>\$ 14</u>	<u>\$ 4,941</u>	<u>\$ 58,693</u>

**Labor provisions**

In the United States, when permitted by law, the Company self insures against workers' compensation claims arising from medical expenses incurred due to work accidents or illness. For uncovered risks, the Company estimates the associated liabilities through an actuarial calculation, considering historical information of claims, demographic factors, severity of past events and other actuarial assumptions; to estimate the expected outflows of economic resources and projected timing of the settlement of these claims. At December 31, 2023 and 2022, the discount rate applied was 6.32% and 5.98% respectively. At December 31, 2023 and 2022, the Company has \$2,222 and \$1,241 of expected insurance reimbursements, respectively, that are included in consolidated balance sheet as a component of accounts receivable.

**Restoration provision**

In the United States, the Company has recognized an obligation to remove equipment and leasehold improvements from certain of its leased manufacturing facilities in order to restore the facilities to their original condition, less normal wear and tear as determined by the terms of the lease. The Company has estimated the expected outflows of economic resources associated with these obligations and the probability of possible settlement dates based upon the terms of the lease. These estimates are used to calculate the present value of the estimated expenditures using a before tax discount rate and taking into account any specific risks associated with these obligations. At December 31, 2023 and 2022 the discount rate applied was 6.43% and 6.46%, respectively.

**Legal provision**

In Central America, a provision of \$4,941 has been recognized related to the payment of a penalty for an administrative proceeding filed by the Commission for the Promotion of Competition.

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**17. OTHER CURRENT LIABILITIES**

Other current liabilities include mainly the following:

	At December 31, 2023	At December 31, 2022
Employee benefits payable.....	\$ 104,448	\$ 84,309
Dividends payable.....	59,155	52,210
Promotion and advertising payable.....	27,303	25,190
Deferred income.....	26,427	21,436
Freights.....	13,398	11,169
Other short-term liabilities <sup>(a)</sup> .....	119,686	114,131
Total.....	<u>\$ 350,417</u>	<u>\$ 308,445</u>

(a) Other short-term liabilities are mainly integrated of accrued expenses payable.

**18. EMPLOYEE BENEFITS OBLIGATIONS**

Employee benefits obligations recognized in the balance sheet, by country, were as follows:

Country	At December 31, 2023	At December 31, 2022
Mexico.....	\$ 69,686	\$ 52,477
United States.....	4,187	3,498
Other countries.....	3,097	2,605
Total.....	<u>\$ 76,970</u>	<u>\$ 58,580</u>

**A) MEXICO**

In Mexico, labor obligations recognized by the Company correspond to the single-payment retirement plan and seniority premium. The benefits for the retirement plan and seniority premium are defined benefit plans, based on the projected salary at the date in which the employee is assumed to receive the benefits. Currently, the plan operates under Mexican law, which does not require minimum funding. The plans in Mexico typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk:

- Investment risk. The expected return rate for investment funds is equivalent to the discount rate, which is calculated using a discount rate determined by reference to long-term government bonds; if the return on plan asset is below this rate, it will create a plan deficit. Due to the long-term nature of the plan liabilities, the Company considers appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.
- Interest risk. A decrease in the interest rate will increase the plan liability; the volatility in interest rates depends exclusively in the economic environment.
- Longevity risk. The present value of the defined benefit plan liability is calculated by reference to the best estimate of mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability.

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- 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 expectancy of the plan participants will increase the plan's liability.

The reconciliation between the beginning and ending balances of the present value of the defined benefit obligations (DBO) is as follows:

	<u>2023</u>	<u>2022</u>
DBO at beginning of the year.....	\$ 55,152	\$ 49,568
Add (deduct):		
Current service cost.....	3,001	2,807
Financial cost.....	4,872	3,722
Remeasurement for the period.....	2,958	(1,269)
Benefits paid.....	(1,627)	(2,891)
Cumulative translation adjustments.....	8,436	3,215
DBO at end of the year.....	<u>\$ 72,792</u>	<u>\$ 55,152</u>

The reconciliation between the beginning and ending balances of the employee benefit plan assets at fair value for the years 2023 and 2022 is shown below:

	<u>2023</u>	<u>2022</u>
Plan assets at fair value at beginning of the year..	\$ 2,675	\$ 2,864
Add (deduct):		
Return on plan assets.....	293	444
Return on plan assets recognized in other comprehensive income.....	(254)	(801)
Cumulative translation adjustments.....	392	168
Plan assets at fair value at end of the year.....	<u>\$ 3,106</u>	<u>\$ 2,675</u>

The following table shows the reconciliation between the present value of the defined benefit obligation and the plan assets at fair value, and the projected net liability included in the balance sheet:

	<u>At December 31, 2023</u>	<u>At December 31, 2022</u>
Employee benefit (assets) liabilities:		
DBO.....	\$ 72,792	\$ 55,152
Plan assets.....	(3,106)	(2,675)
Employee benefits obligations.....	<u>\$ 69,686</u>	<u>\$ 52,477</u>

The value of the DBO related to the pension plan amounted to \$62,754 and \$46,760 at December 31, 2023 and 2022, respectively, while the value of the DBO related to seniority premiums amounted to \$10,038 and \$8,392, respectively.

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At December 31, 2023 and 2022, the components of net cost comprised the following:

	<u>2023</u>	<u>2022</u>
Current service cost.....	\$ 3,001	\$ 2,807
Financial cost.....	4,872	3,722
Return on plan assets.....	(353)	111
Net cost for the year.....	<u>\$ 7,520</u>	<u>\$ 6,640</u>

The net cost for the year related to the pension plan amounted \$6,168 and \$5,522 at December 31, 2023 and 2022, respectively, while the net cost related to seniority premiums amounted to \$1,352 and \$1,118, respectively.

The net cost for the year 2023 of \$7,520 (\$6,640 in 2022) was recognized in income as cost of sales for \$512 (\$615 in 2022), selling and administrative expenses for \$2,415 (\$2,456 in 2022) and interest expense for \$4,593 (\$3,570 in 2022).

Remeasurements of the defined benefit obligation recognized in other comprehensive income are comprised of:

	<u>2023</u>	<u>2022</u>
(Losses) on plan assets (excluding amounts included in net cost of the period).....	\$ (14)	\$ (300)
Actuarial gains arising from changes in financial assumptions.....	487	3,639
Actuarial gains (losses) arising from experience adjustments.....	2,664	(5,214)
	<u>\$ 3,137</u>	<u>\$ (1,875)</u>

The total amount recognized in other comprehensive income is described below:

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year.....	\$ 36,375	\$ 38,250
Remeasurements that occurred during the year...	3,137	(1,875)
Balance at the end of the year.....	<u>\$ 39,512</u>	<u>\$ 36,375</u>

At December 31, 2023 and 2022, plan assets stated at fair value and related percentages with respect to total plan assets were analyzed as follows:

	<u>At December 31,</u> <u>2023</u>		<u>At December 31,</u> <u>2022</u>	
Equity securities, classified by type of industry:	\$ 2,592	83%	\$ 1,970	74%
Consumer industry.....	688		456	
Financial institutions.....	1,904		1,514	
Fixed rate securities.....	514	17%	705	26%
Fair value of plan assets.....	<u>\$ 3,106</u>		<u>\$ 2,675</u>	

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As of December 31, 2023, the funds maintained in plan assets were considered sufficient to face the Company's short-term needs; therefore, the Company's management has determined that for the time being there is no need for additional contributions to increase these assets.

The main actuarial assumptions used were as follows:

	<u>At December 31, 2023</u>	<u>At December 31, 2022</u>
Discount rate.....	10.50%	9.50%
Future increase rate in compensation levels.....	4.50%	4.50%
Long-term inflation rate.....	3.50%	3.50%

At December 31 2023 and 2022, the impact in DBO for a decrease of 25 basis points in the discount rate amounts to \$764 and \$679, respectively. This sensitivity analysis is based on the change in the discount rate while keeping constant the rest of the assumptions. In practice, this is unlikely to occur, and changes in some of the assumptions can be correlated. The methods used in preparing the sensitivity analysis did not change from those used in prior years.

The average duration of the benefit obligation at December 31, 2023 and 2022 is 11 years for both years.

The Company does not expect to contribute during the next fiscal year.

**B) UNITED STATES**

In the United States, the Company has a savings and investment plan that incorporates voluntary employee 401(k) contributions with matching contributions from the Company up to 4% of eligible employees' salaries. This plan, available to the majority of employees not covered by collective bargaining agreements permits contributions from 1% to 25% of such employees' annual compensation, as defined in the plan agreement. For the years ended December 31, 2023 and 2022, total expenses related to this plan amounted to \$10,318 and \$9,724, respectively.

Additionally, the Company has established an unfunded nonqualified deferred compensation plan for a selected group of management and highly compensated employees. The plan is voluntary and allows employees to defer a portion of their salary or bonus in excess of the savings and investment plan limitations. The employees elect investment options and the Company monitors the result of those investments and records a liability for the obligation. For the years ended December 31, 2023 and 2022, total expenses related to this plan were approximately \$833 and \$(965) , respectively.

At December 31, 2023 and 2022, the liability recognized for both plans amounted \$4,187 and \$3,498, respectively.

**C) OTHER COUNTRIES**

In Central America and Europe, the retirement and severance provisions are determined according to the current Labor Legislation of each country. In Central America, at December 31, 2023 and 2022, the liability recognized for this item amounted to \$2,470 and \$2,038, respectively, and the total expenses derived for the same concept were \$531 and \$462, respectively. In Europe, as of December 31, 2023 and 2022, the liability recorded for this concept amounts to \$626 and \$567, respectively, and the total expenses derived for the same concept were \$46 and \$58, respectively.



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**19. EQUITY**

**A) COMMON STOCK**

At December 31, 2023, the Company's outstanding common stock consisted of 369,129,459 Series "B" shares, Class I, with no par value, fully subscribed and paid, which can only be withdrawn with stockholders' approval and 997,353 treasury shares.

The Extraordinary General Shareholders' Meeting held on April 21, 2023 approved the cancellation of 5,581,047 ordinary, nominative shares, without expression of nominal value, series "B", Class I, issued by Gruma S.A.B. de C.V. which have been repurchased by the Company.

At December 31, 2022, the Company's outstanding common stock consisted of 370,308,994 Series "B" shares, Class I, with no par value, fully subscribed and paid, which can only be withdrawn with stockholders' approval and 5,398,865 treasury shares.

The Extraordinary General Shareholders' Meeting held on April 22, 2022 approved the cancellation of 18,498,057 ordinary, nominative shares, without expression of nominal value, series "B", Class I, issued by Gruma S.A.B. de C.V. which have been repurchased by the Company.

**B) RETAINED EARNINGS**

The Income Tax Law established a 10% tax rate on earnings from 2014 and thereafter, for dividend paid to foreign residents and Mexican individuals; additionally, this law stated that for the years 2001 to 2013, the net taxable income would be determined in accordance with the Income Tax Law effective for each year.

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account (CUFIN) and will be taxed at a rate that fluctuates between 32% and 35% if paid from the reinvested Net Tax Profit Account. Dividends paid that exceed CUFIN and reinvested CUFIN are subject to an income tax payable at a rate of 30% if paid in 2024. The tax is payable by the Company and may be credited against the normal income tax payable by the Company in the year in which the dividends are paid or in the following two years. Dividends paid from earnings previously taxed are not subject to any withholding or additional tax payment. As of December 31, 2023 and 2022, CUFIN amounted to \$1,256,219 and \$760,393, respectively.

**Legal reserve**

The legal reserve must be increased annually by 5% of annual net profits, included within retained earnings, until it reaches a fifth of the fully paid common stock amount.

For the years ended December 31, 2023 and 2022, the legal reserve balance was \$65,898.

**Repurchase of common stock**

The Shareholders' Meeting held on April 21, 2023 approved to increase the reserve to repurchase the Company's own shares up to \$414,361 (Ps.7,000,000), as the maximum amount for the reserve for the acquisition of own shares. This reserve is included in retained earnings.

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The Shareholders' Meeting held on April 22, 2022 approved to increase the reserve to repurchase the Company's own shares up to \$361,542 (Ps.7,000,000), as the maximum amount for the reserve for the acquisition of own shares. This reserve is included in retained earnings.

The maximum amount of proceeds that can be used to purchase the Company's own shares cannot exceed, in any case, the net earnings of the entity, including retained earnings.

When purchasing of the Company's own shares, the amount of the consideration paid, including the direct costs attributable to such acquisition, is recognized as a decrease in the Company's equity. When the shares are re-placed, the consideration received is recognized within the equity.

The difference between the acquisition cost of the repurchased shares and their stated value is recognized as part of the reserve to repurchase the Company's own shares, which is included within retained earnings from prior years. Stated value of the shares is determined by the quotient resulting from dividing common stock paid by the number of the Company's outstanding shares. The gain or loss on the sale of the Company's own shares is recorded in retained earnings.

The movements of the reserve for acquisition of Company's own shares for the years ended December 31, 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
Balance at the beginning of the year .....	\$ 268,885	\$ 182,632
Increase in the reserve during the year .....	71,737	217,587
Purchase of Company's own shares during the year....	(19,060)	(131,334)
Balance at the end of the year.....	<u>\$ 321,562</u>	<u>\$ 268,885</u>

At December 31, 2023, the Company has purchased 997,353 of its own shares at a market value of \$18,369 as of that date.

**C) CUMULATIVE TRANSLATION ADJUSTMENTS**

The cumulative translation adjustments consisted of the following as of December 31:

	<b>2023</b>	<b>2022</b>
Balance at beginning of year.....	\$ (446,989)	(\$ 452,264)
Effect of the year from translation adjustments.....	(36,170)	(60,226)
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investments in foreign subsidiaries <sup>(*)</sup> .....	156,954	65,501
Balance at end of year.....	<u>\$ (326,205)</u>	<u>\$ (446,989)</u>

<sup>(\*)</sup> Gruma maintains a coverage of its net investment abroad (American dollars) against the exchange fluctuation of its bank debt in American dollars. Derived from the above, effectiveness tests were carried out that consisted of the comparison of the critical terms between the hedging instruments and the hedged item, which resulted in a one to one coverage ratio for both years, concluding that the tests did not yield ineffectiveness

At December 31, 2023 and 2022, the debt denominated in American dollars for up to \$1,115,000 and \$1,100,000, respectively, generated a hedge on the investment of Gruma in its subsidiaries in the United States (Gruma Corporation and subsidiaries).

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During 2023 and 2022, Gruma received dividends from its United States subsidiary Gruma Corporation amounting to \$435,000 and \$170,000 respectively.

**20. FINANCIAL INSTRUMENTS**

**A) FINANCIAL INSTRUMENTS BY CATEGORY**

At December 2023 and 2022, the Company's financial instruments are as follows:

	<u>2023</u>	<u>2022</u>
<b>Financial assets at amortized cost:</b>		
Cash and cash equivalents	\$ 350,046	\$ 283,864
Accounts receivable	566,623	564,487
Long term notes, receivable and other assets	25,121	14,177
<b>Financial assets at fair value through profit or loss:</b>		
Short-term derivative financial instruments	119	571
<b>Financial assets at fair value with changes in other comprehensive income:</b>		
Short-term derivative financial instruments	3,963	4,607
<b>Total Financial Assets</b>	<u>\$ 945,872</u>	<u>\$ 867,706</u>
<b>Financial liabilities at amortized cost:</b>		
Short-term debt	411,172	146,971
Short-term lease liability	58,103	49,107
Trade accounts payable	329,785	446,795
Long-term debt	1,115,681	1,461,605
Long-term lease liability	306,754	318,305
Other liabilities, excludes non-financial liabilities	86,960	75,421
<b>Financial liabilities at fair value through profit or loss:</b>		
Short-term derivative financial instruments	-	3,192
<b>Financial liabilities at fair value with changes in other comprehensive income:</b>		
Short-term derivative financial instruments(*)	26,947	59,099
Short-term derivative financial instruments compensated(*)	(12,868)	(27,560)
<b>Total Financial Liabilities</b>	<u>\$ 2,322,534</u>	<u>\$ 2,532,935</u>

(\*) As of December 31, 2023 and 2022, in the Consolidated statement of financial position, the financial liability recognized for futures contracts is presented offset with the amount of margin calls required to the Company on this contracts for an amount of \$12,868 and \$27,560, respectively.

The Company's exposure to a variety of risks related to financial instruments is described in Note 4.

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**B) FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of cash and cash equivalents, accounts receivable, trade accounts payable and other current financial liabilities approximate their fair value, due to their short maturity. In addition, the net book value of accounts receivable represents the expected cash flow to be received.

The financial instruments that present material differences between the book values and the fair values are as follow:

	At December 31, 2023		At December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets:</b>				
Long term notes receivable and other assets	\$ 29,150	\$ 29,723	\$ 14,177	\$ 14,599
<b>Financial liabilities:</b>				
10-year Bonds	399,512	398,144	399,169	396,292
Short and long-term debt	1,127,341	1,008,967	1,209,407	1,059,468

The fair values at December 31, 2023 and 2022 were determined by the Company as follows:

- The market value of the 10-year bonds is determined on the basis of the actual quotations of these instruments on the reference market. This fair value is classified as level 1 in the fair value hierarchy.
- The fair value for the rest of the long-term debt was based on the present value of the cash flows discounted at interest rates based on readily observable market inputs. This fair value is classified as level 2 in the fair value hierarchy. The average discount rate used was 11.12% in 2023 and 11.25% in 2022.
- Fair value of long-term notes receivable is classified as level 2 in the fair value hierarchy and was based on the present value of future cash flows using a discount rate of 8.44% and 8.07% in 2023 and 2022, respectively.

**C) DERIVATIVE FINANCIAL INSTRUMENTS**

The Company entered into short-term hedge transactions through commodity futures, swaps and options to hedge a portion of its requirements of corn, wheat, soy oil, natural gas and diesel. These financial instruments are denominated in the same price reference as the highly probable forecasted transactions of purchases of corn, wheat and fuels, therefore, the hedge ratio is one to one. The weighted average strike price of open position of corn options during the fiscal year 2023, amounted to \$6.05 dollars per bushel (buy puts), \$5.50 dollars per bushel (sell calls). The weighted average strike price of open position of corn options during the fiscal year 2022 is \$6.19 dollars per bushel (buy puts) and \$8.37 dollars per bushel (sell calls).

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The Company entered into forward and foreign exchange option transactions to hedge the Mexican peso to U.S. dollar foreign exchange rate risk related to the price of corn purchases in Mexico. These instruments are denominated in the same currency as the highly probable forecasted transactions of inventory purchases, therefore, the hedge ratio is one to one.

The following derivate financial instruments were recognized in the Company's balance sheet:

	2023		2022	
	Notional Amount	Fair Value	Notional Amount	Fair Value
<b>Current Assets:</b>				
Corn futures (b).....	1,440,000 Bushels	\$ 119		\$ -
Corn options (a).....	1,420,000 Bushels	484		-
Wheat swaps (b).....	-	-	600,000 Bushels	571
Corn swaps and options (a).....	-	-	9,780,000 Bushels	15
Natural gas swaps (a).....	-	-	480,000 Mmbtu	1,116
Exchange rate forwards (a).....	47,880 Thousands USD	3,479	37,200 Thousands USD	3,477
Total current assets of derivate financial instruments .....		<u>\$ 4,082</u>		<u>\$ 5,178</u>
<b>Current Liabilities:</b>				
Soybean oil futures (a,d).....	45,480,000 Pounds	\$ 1,302	25,560,000 Pounds	\$ 2,294
Wheat futures (a,d).....	6,915,000 Bushels	8,549	7,770,000 Bushels	21,452
Wheat swaps (a).....	-	-	1,030,000 Bushels	1,605
Corn swaps (a).....	8,125,000 Bushels	2,415	11,745,000 Bushels	13,467
Natural gas futures (a,d).....	3,470,000 Mmbtu	3,017	3,800,000 Mmbtu	3,814
Natural gas swaps (a).....	4,670,000 Mmbtu	4,973	4,140,000 Mmbtu	6,637
Diesel swaps (a).....	4,780,000 Gallons	1,453	410,000 Gallons	151
Exchange rate forwards (a).....	402,100 Thousands USD	5,238	334,000 Thousands USD	9,679
Exchange rate forwards (c).....	-	-	151,100 Thousands USD	3,192
Subtotal .....		<u>26,947</u>		<u>62,291</u>
Margin calls (d).....		<u>(12,868)</u>		<u>(27,560)</u>
Total current liabilities of derivate financial instruments..		<u>\$ 14,079</u>		<u>\$ 34,731</u>

(a) Cash flow hedging

(b) Fair value hedge

(c) Trading

(d) As of December 31, 2023 and 2022, in the Consolidated statement of financial position, the financial liability recognized for futures contracts is presented offset with the amount of margin calls required to the Company on this contracts for an amount of \$12,868 and \$27,560, respectively.

In futures contracts associated with commodities that are held in recognized and international markets, the Company is subject to the rules of these markets. These rules include, among others, covering the initial margin to trade futures contracts, as well as the subsequent margin calls (revolving funds, which are required in the presence of variations in the prices of the underlying to be applied against payments) required to the Company.

Financial assets and liabilities recognized for the use of derivative financial instruments are not offset in the financial statements unless the Company has both the legal right and the intention to offset.

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The Company uses derivative financial instruments only for hedging purposes and not as speculative trading. However, when the derivatives do not meet the hedge accounting criteria, they are classified as “trading instruments” for accounting purposes and are recorded at fair value through profit or loss. They are presented as current assets or liabilities since they are expected to be settled within 12 months after the end of the reporting period.

**Reserve for cash flow hedges**

The following table presents a reconciliation by risk category of the equity components and the analysis of the items of other comprehensive income, net of taxes, that come from cash flow hedges:

	<u>Cash flow hedges reserve and others</u>			
	Cash flow hedges and hedge cost <sup>(a)</sup>	Intrinsic value of options	Exchange rate hedge	Total
<b>Opening balance at January 1, 2022</b>	\$ 56,026	\$ -	\$ 905	\$ 56,931
Changes in fair value of the hedging instrument.....	(36,214)	(14,529)	(9,131)	(59,874)
Deferred hedge costs.....	(24,191)	-	-	(24,191)
Changes in fair value of realized hedging instruments.....	151,323	-	(17,495)	133,828
Reclassified to inventory.....	(169,227)	-	12,902	(156,325)
Reclassified to income statement in the cost of sales .....	(13,552)	-	(3,479)	(17,031)
Ineffective portion reclassified to other expenses, net.....	2,724	-	-	2,724
Income tax (caused/deferred) <sup>(b)</sup> .....	22,491	4,359	2,968	29,818
<b>Closing balance at December 31, 2022</b>	<u>(10,620)</u>	<u>(10,170)</u>	<u>(13,330)</u>	<u>(34,120)</u>
Changes in fair value of the hedging instrument.....	28,100	-	3,512	31,612
Deferred hedge costs.....	(7,299)	-	-	(7,299)
Changes in fair value of realized hedging instruments.....	(76,672)	14,529	(35,715)	(97,858)
Reclassified to inventory.....	33,728	-	52,832	86,560
Reclassified to income statement in the cost of sales .....	21,729	-	(8,531)	13,198
Income tax (caused/deferred) <sup>(b)</sup> .....	(2,790)	(4,359)	1,572	(5,577)
<b>Closing balance at December 31, 2023</b>	<u>\$ (13,824)</u>	<u>\$ -</u>	<u>\$ 340</u>	<u>\$ (13,484)</u>

<sup>(a)</sup> As of December 31, 2023 and 2022, the amount deferred in the costs of hedging reserve includes \$464 and \$14,544 in respect of time value of options, respectively. All of these deferred costs are in respect of transaction-related items, namely forecast inventory purchases.

<sup>(b)</sup> As of December 31, 2023 and 2022, the amount of the income tax is composed of \$18,244 and (\$12,900) of the derivative financial instrument in the reserve for cash flow hedges and by (\$23,821) and \$42,718 for the deferred tax of the cash flow hedge transferred to inventories, respectively.

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**Amounts recognized in income**

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognized in profit or loss in relation to derivatives:

	2023	2022
Net income (loss) on commodity derivatives that did not qualify as hedge accounting, included in other expenses, net.....	\$ 178	\$ (5,188)
Net loss on foreign currency forwards that did not qualify as hedge accounting, included in other expenses, net.....	(15,670)	(8,724)
Non-effective portion of commodity derivatives, included in other expenses, net.....	(109)	243
Net income on foreign currency forwards that did not qualify as hedge accounting, included in Financing Cost.....	-	2,175
Net loss on interest rate swaps that did not qualify as hedge accounting, included in Financing Cost.....	-	(1,513)

**D) FAIR VALUE HIERARCHY**

A three-level hierarchy is used to measure and disclose fair values. An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. The following is a description of the three hierarchy levels:

- Level 1— Quoted prices for identical instruments in active markets. The data used in the Company's financial statements to measure fair value include the corn and wheat market price quotes from the Chicago Board of Trade.
- Level 2— Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3— Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

**a. Determination of fair value**

When available, the Company generally uses quoted market prices to determine fair value and classifies such items in Level 1. If quoted market prices are not available, fair value is valued using industry standard valuation models. When applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rates, currency rates, volatilities, etc. Items valued using such inputs are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some inputs that are readily observable. In addition, the Company considers assumptions for its own credit risk and the respective counterparty risk.

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**b. Measurement**

Assets and liabilities measured at fair value are summarized below:

	<b>At December 31, 2023</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<i>Assets:</i>			
Plan assets – seniority premium fund.....	\$ 3,106	\$ -	\$ 3,106
Derivative financial instruments–exchange rate...	-	3,479	3,479
Derivative financial instruments–corn.....	119	484	603
	<u>\$ 3,225</u>	<u>\$ 3,963</u>	<u>\$ 7,188</u>
<i>Liabilities:</i>			
Derivative financial instruments – exchange rate.	\$ -	\$ 5,238	\$ 5,238
Derivative financial instruments –corn.....	-	2,415	2,415
Derivative financial instruments –wheat (*).....	8,549	-	8,549
Derivative financial instruments – soybean oil (*)	1,302	-	1,302
Derivative financial instruments – fuel (*).....	3,017	6,426	9,443
	<u>\$ 12,868</u>	<u>\$ 14,079</u>	<u>\$ 26,947</u>

(\*) As of December 31, 2023 in the Consolidated statement of financial position, the financial liability recognized for futures contracts is presented offset with the amount of margin calls required to the Company on this contracts for an amount of \$12,868.

	<b>At December 31, 2022</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<i>Assets:</i>			
Plan assets – seniority premium fund.....	\$ 2,675	\$ -	\$ 2,675
Derivative financial instruments–exchange rate...	-	3,477	3,477
Derivative financial instruments–corn.....	-	15	15
Derivative financial instruments–wheat.....	-	571	571
Derivative financial instruments–fuel.....	-	1,116	1,116
	<u>\$ 2,675</u>	<u>\$ 5,178</u>	<u>\$ 7,853</u>
<i>Liabilities:</i>			
Derivative financial instruments – exchange rate..	\$ -	\$ 12,871	\$ 12,871
Derivative financial instruments –corn.....	-	13,467	13,467
Derivative financial instruments –wheat (*).....	21,452	1,605	23,057
Derivative financial instruments – soybean oil (*)	2,294	-	2,294
Derivative financial instruments – fuel (*).....	3,814	6,788	10,602
	<u>\$ 27,560</u>	<u>\$ 34,731</u>	<u>\$ 62,291</u>

(\*) As of December 31, 2022 in the Consolidated statement of financial position, the financial liability recognized for futures contracts is presented offset with the amount of margin calls required to the Company on this contracts for an amount of \$27,560.

**Derivative financial instruments - exchange rate**

Exchange rate derivative financial instruments were recorded at fair value, which was determined using future cash flow discounted to present value. Significant data used to determine the fair value of these instruments is as follows:

	<b>2023</b>	<b>2022</b>
Forward exchange rate .....	\$ 16.89	\$ 19.36
Discount rate.....	8.44%	8.07%



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Derivative financial instruments - fuel

Fuel derivative financial instruments were recorded at fair value, which was determined using future cash flow discounted to present value, using quoted market prices of fuel listed in the NYMEX Exchange.

Derivative financial instruments – corn and wheat

Corn and wheat derivative financial instruments that qualify as Level 2 were recorded at fair value. Valuation techniques used to value these financial instruments include market quotations or quotations for similar instruments and other, such as the cash flow discount analysis, which is used to determine the fair value of corn and wheat swaps.

During the period, there were no transfers between Levels 1 and 2.

**21. EXPENSES BY NATURE**

Expenses by nature are presented in the income statement within the captions of cost of sales and selling and administrative expenses and are analyzed as follows:

	<u>2023</u>	<u>2022</u>
Cost of raw materials consumed and changes in inventory (Note 8).....	\$ 2,368,542	\$ 1,923,043
Employee benefit expenses (Note 23).....	1,582,337	1,424,563
Depreciation.....	220,036	195,680
Amortization (Note 12).....	3,993	878
Lease expenses (Note 11).....	24,745	28,923
Research and development expenses (Note 12).....	13,557	10,001
Allowance for doubtful accounts (Note 7).....	2,145	3,716

**22. OTHER EXPENSES, NET**

Other expenses, net comprised the following:

	<u>2023</u>	<u>2022</u>
Current employees' statutory profit sharing.....	\$ (7,428)	\$ (5,443)
Net gain income from sale of property, plant and equipment .....	807	1,741
Impairment loss on long-lived assets.....	(4,667)	(2,147)
(Expense) income from recovery of insurance claims, net.....	(1,251)	1,365
Result from derivative financial instruments.....	(15,601)	(13,669)
Loss on cancellation of raw material purchase contracts.....	(15,111)	-
Others .....	1,580	93
Total.....	<u>\$ (41,671)</u>	<u>\$ (18,060)</u>

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**23. EMPLOYEE BENEFIT EXPENSES**

Employee benefit expenses are comprised of the following:

	<u>2023</u>	<u>2022</u>
Salaries, wages and benefits (including termination benefits).....	\$ 1,475,770	\$ 1,336,047
Social security contributions.....	87,318	72,597
Employment benefits (Note 18).....	19,249	15,919
Total.....	<u>\$ 1,582,337</u>	<u>\$ 1,424,563</u>

**24. COMPREHENSIVE FINANCING COST**

Comprehensive financing cost, net is comprised by:

	<u>2023</u>	<u>2022</u>
Debt financial expenses and others (Note 14).....	\$ (136,767)	\$ (91,422)
Financial lease expenses (Note 11) .....	(17,867)	(16,786)
Financial products .....	11,121	4,541
Result from derivative financial instruments (Note 20).....	-	2,175
Result from monetary position, net.....	481	2,996
Result from foreign exchange differences, net.....	(4,614)	(1,592)
Comprehensive financing cost, net.....	<u>\$ (147,646)</u>	<u>\$ (100,088)</u>

**25. INCOME TAX EXPENSE**

**A) INCOME BEFORE INCOME TAX**

The domestic and foreign components of income before income tax are the following:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Domestic.....	\$ (4,918)	\$ 39,567
Foreign.....	634,867	470,488
	<u>\$ 629,949</u>	<u>\$ 510,055</u>

**B) COMPONENTS OF INCOME TAX EXPENSE**

The components of income tax expense are the following:

	<u>2023</u>	<u>2022</u>
Current tax:		
Current tax on profits for the year.....	\$ (201,188)	\$ (178,708)
Recover of tax due from prior years.....	(499)	118
Total current tax.....	<u>\$ (201,687)</u>	<u>\$ (178,590)</u>

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	<b>2023</b>	<b>2022</b>
Deferred tax:		
Origin and reversal of temporary differences.....	\$ (20,439)	\$ (12,275)
Total deferred tax.....	(20,439)	(12,275)
Total income tax expense.....	\$ (221,126)	\$ (190,865)

Domestic federal, foreign federal and state income taxes in the consolidated statements of income consisted of the following components:

	<b>For the year ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current:		
Domestic federal.....	\$ (30,725)	\$ (51,201)
Foreign federal.....	(140,311)	(123,960)
Foreign state.....	(30,651)	(3,429)
	(201,687)	(178,590)
Deferred:		
Domestic federal.....	(24,783)	(17,752)
Foreign federal.....	2,951	5,504
Foreign state.....	1,393	(27)
	(20,439)	(12,275)
Total income taxes.....	\$ (222,126)	\$ (190,865)

**C) RECONCILIATION OF FINANCIAL AND TAXABLE INCOME**

For the years ended December 31, 2023 and 2022, the reconciliation between statutory income tax amounts and the effective income tax amounts is summarized as follows:

	<b>2023</b>	<b>2022</b>
Statutory federal income tax (30% for 2023 and 2022).....	\$ (188,983)	\$ (153,017)
Inflation effects on tax values.....	(18,802)	(26,110)
Foreign income tax rate differences .....	(14,671)	(13,417)
Foreign recovery of income taxes for dividends.....	10,391	12,058
Recovery of taxes caused by previous years .....	499	(118)
Unrecognized tax loss carryforwards of the year.....	(7,172)	(7,602)
Nondeductible expenses and others.....	(3,388)	(2,659)
Effective income tax (35.26% and 37.42% for 2023 and 2022, respectively).....	\$ (222,126)	\$ (190,865)

**D) GLOBAL MINIMUM TAX**

In December 2021, the Organization for Economic Cooperation and Development issued model rules for the new global minimum tax framework (Pillar Two), and various governments around the world have issued, or are in the process of issuing legislation in this regard. The Company is in the process of evaluating the full impact and has not identified an impact on income tax.

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The Company has applied the mandatory exception to not recognize and disclose information about deferred tax assets and liabilities derived from the Pillar Two income tax as stated in the IAS 12 amendments issued in May 2023.

**26. COMMITMENTS**

At December 31, 2023 and 2022, the Company has commitments to purchase corn and wheat grains and other raw materials in the United States for approximately \$365,000 and \$362,000, respectively, which will be delivered during 2024 and in Mexico for approximately \$91,991 and \$202,379, respectively, which will be delivered during 2024 and 2025. The Company has concluded that there is no embedded derivative as a result of these contracts.

At December 31, 2023 and 2022, the Company has commitments to purchase machinery and equipment in the United States for approximately \$13,500 and \$29,000, respectively, and in Mexico for approximately \$3,182 at December 31, 2023.

**27. DISPOSAL OF INVESTMENT IN VENEZUELA AND ARBITRAL AWARD STATUS**

a) Background

On May 12, 2010, the Bolivarian Republic of Venezuela (the “Republic” or “Venezuela’s Government”) published the Decree number 7.394 in the Official Gazette of Venezuela (the “Expropriation Decree”), ordering the forced acquisition of all assets, property and real estate of the Company’s former indirect subsidiary in Venezuela, Molinos Nacionales, C.A. (“MONACA”), through an expropriation proceeding to be initiated and processed with the participation of several governmental agencies of the Republic. Venezuela’s Government stated that the Expropriation Decree was also extended to the Company’s former indirect subsidiary, Derivados de Maíz Seleccionado, DEMASECA, C.A. (“DEMASECA”). The Republic took initial steps to carry out an administrative expropriation procedure in accordance with the Expropriation Decree, but then suspended said procedure indefinitely, therefore the expropriation was not carried out during the time the Company held its investment in said country.

GRUMA’s interests in MONACA and DEMASECA were held through two Spanish companies, Valores Mundiales, S.L. (“Valores Mundiales”), and Consorcio Andino, S.L. (“Consorcio Andino”) (jointly referred to as the “Investors” or the “Claimants”). The Republic and the Kingdom of Spain are parties to an agreement on reciprocal promotion and protection of investments, dated November 2, 1995 (the “Investment Treaty”), under which the Investors have the right to settle investment disputes by means of arbitration before the International Centre for Settlement of Investment Disputes (“ICSID”). On November 9, 2011, the Investors, MONACA and DEMASECA formally notified the Republic about a dispute regarding the aforementioned expropriation procedure and their agreement to submit said dispute to an arbitration proceeding before the ICSID, if the parties were unable to reach an agreement.

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On January 22, 2013, as part of a criminal proceeding unrelated to MONACA and DEMASECA against a third party where precautionary measures were issued for the securing of the assets of said third party which, in an overreached way, included MONACA and DEMASECA, the Republic published the Administrative Providence number 004-13 dated January 21 of the same year (the "Providence") appointing special administrators for MONACA and DEMASECA, and granting them the broadest authorities to execute actions for the continuity and non-interruption of the operation of the companies and the broadest administrative authorities to guarantee the safekeeping, custody, use and conservation of the companies' assets.

Consequently, in accordance with the provisions set forth in the IFRS, the Company determined that as of January 22, 2013, it had lost the power to affect the variable returns of its subsidiaries in Venezuela and concluded that the appointment of special administrators with broad authorities under the Providence had the effect of taking away its control over MONACA and DEMASECA, and as a result, the Company proceeded to deconsolidate both subsidiaries and recognize its investment in Venezuela as a financial asset. Following the provisions set forth in the IFRS, GRUMA performed impairment tests on the financial asset related to MONACA and DEMASECA, and as of December 31, 2015, acknowledged an impairment of \$253,515 (Ps. 4,362,108) corresponding to the total value of said asset.

On May 10, 2013, Valores Mundiales and Consorcio Andino submitted a Request for Arbitration before the ICSID, which was registered on June 11, 2013 under case No. ARB/13/11. The purpose of the arbitration was to seek compensation for the damages caused by Venezuela's breach of the Investment Treaty.

On July 25, 2017, the tribunal ruled the arbitration in favor of Valores Mundiales and Consorcio Andino, by dismissing the jurisdictional objections raised by the Republic and concluding that certain measures adopted by Venezuela's Government had breached provisions of the Investment Treaty (the "Award"). According to the Award issued by the arbitration tribunal, the Republic must pay \$430.4 million to Valores Mundiales and Consorcio Andino as damages and losses resulting from its breach of certain provisions of the Investment Treaty, plus a compound interest rate of Libor +2% as of January 22, 2013, and until the Award's effective payment date. As further detailed in the "Arbitral Award Status" section, as of December 31, 2023, the awarded amount plus interests ascends to more than \$630 million. The arbitration tribunal also ordered the Republic to pay \$5.9 million for legal expenses incurred by the Claimants during the arbitration. Both amounts were not recorded since they are considered a contingent asset under IAS 37.

On November 22, 2017, the Republic filed before the ICSID a request for annulment of the Award issued by the arbitration tribunal and the stay of enforcement of the same while said action was pending resolution. On December 7, 2017, the ICSID registered the Republic's annulment request and provisionally suspended the enforcement of the Award. The Committee that decided on the Award's annulment proceedings was finally constituted on May 23, 2018 ("Annulment Committee").

On June 4, 2018, the Republic formally requested that the Annulment Committee kept the enforcement of the Award suspended during the course of the annulment proceeding. After considering the arguments presented by the parties, on September 6, 2018, the Annulment Committee ordered the lifting of the provisional suspension of the enforcement of the Award, which allowed the Investors to begin legal actions for the recognition and enforcement of the Award in different jurisdictions.

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On December 21, 2021, the Annulment Committee notified the parties of its resolution in the Award's annulment proceeding initiated by the Republic, which was favorable to the Investors, resolving (i) to reject in full the request for annulment of the Award raised by the Republic, (ii) to condemn the Republic to pay the Investors \$2,348 for costs, and (iii) to order the Republic to pay the ICSID \$660 for costs of the annulment proceedings. The Republic has no legal recourse against this resolution of the Annulment Committee; therefore, the Award has become final.

b) Disposal of Investment in Venezuela

The previously described legal matters, along with the ongoing deterioration of the Company's investment in Venezuela caused by the economic and social situation in the country, prompted the Company to reassess the suitability of maintaining said investment; therefore, on August 7, 2023, the Company disposed of it by executing a stock purchase agreement between a third party and its subsidiaries Valores Mundiales and Consorcio Andino, whereby all shares of the capital stock of MONACA and DEMASECA were sold for \$22 million and \$3 million, respectively. The valuation conducted for the price of this transaction took into account certain characteristics thereof; primarily, that the buyer acquired the shares with full knowledge of the legal matters mentioned above, and the recognition and assumption of MONACA and DEMASECA's assets and liabilities, including, but not limited to, those of commercial, tax and labor nature, in the condition they were in, commonly referred to "*as is*", without representations nor warranties by the sellers. In view of the above, the Company no longer holds an investment in Venezuela, and consequently, has no assets subject to the Expropriation Decree.

c) Arbitration Award Status

Regarding the Award, since the aforementioned sale of all the shares of MONACA and DEMASECA does not affect its ownership, it remains property of the Investors, who would receive any benefits resulting from it.

On January 8, 2019, the Investors filed a complaint before the Federal District Court in Washington, D.C., requesting the recognition of the Award. The claim for recognition of the Award was notified to the Republic by consular means on July 26, 2019, granting a period to answer until September 24, 2019, without Venezuela responding. Consequently, on October 21, 2019, the Investors requested the Judge to issue a judgment recognizing the Award considering the Republic's failure to respond. On March 3, 2020, representatives of the Republic appeared in the proceedings, answered the lawsuit and presented their objections to the passing of a judgment in absentia. On March 16, 2020, the Investors asked the Tribunal to issue a summary judgment against Venezuela, to which Venezuela later objected and argued in favor of a judgment against the recognition of the Award. On November 17, 2020, the Judge ordered the suspension of the Award's recognition proceeding until the Award's annulment proceeding initiated by the Republic was resolved. Since the procedure for such annulment of the Award was resolved in December 2021, the Judge resumed the procedure for the recognition of the Award in January 2022. On August 3, 2022, the judge to whom the case was delegated recommended the District Judge to deny Venezuela's request for a summary judgment and to grant the Investors' request for a summary judgment. Venezuela objected this recommendation later that month. In September 2022, the Court notified the parties that the Judge in charge of the case was promoted to the Court of Appeals. The case was reassigned to another judge in February 2023, and on May 22, the Court issued a judgment recognizing the Award in favor of the Investors for an amount of \$618,629, corresponding to the total damages, attorney's fees and costs awarded to the Investors in the arbitration proceedings, plus interests at the rate set forth in the Award (the "Judgement"). The Judgement included

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post-award interests over such amount at the federal statutory rate. As of December 31, 2023, the amount of the Judgement plus interests amounts to \$637,180.

On June 20, 2023, Venezuela appealed the Judgement, and on December 8, 2023, after exhausting that procedural instance, the United States Court of Appeals for the District Court of Columbia Circuit confirmed the Judgement. Venezuela did not file a writ of “*certiorari*” before the Supreme Court of the United States within the term it had to do so; therefore, the Judgement has become final.

On June 7, 2023, the Investors registered the Judgement in the Federal District Court in Delaware. On June 29, 2023, the Investors filed a motion with this Court to obtain a writ of attachment against the shares of a subsidiary incorporated in Delaware, 100% owned by the national oil company and alter ego of the Republic, Petróleos de Venezuela, S.A. (“PDVSA”). The Court granted the Investors the motion on November 1, 2023, thereby making them part of a group of judicially recognized creditors of Venezuela and PDVSA who have obtained liens against the shares of PDVSA’s subsidiary in Delaware and are participating in a judicially supervised process to auction off said shares for the total or partial satisfaction of their judgements. On December 1, 2023, the Republic filed an appeal of the Court’s decision subject to certain conditions. Given that those conditions were not met, the Republic voluntarily withdrew its appeal on March 1, 2024; therefore, on March 5, 2024, the U.S. Court of Appeals for the Third Circuit Dismissed the Republic’s appeal.

It is not possible predict the results of the proceedings for the recognition and enforcement of the Award that the Investors commenced in the United Sates, or that they may commence in other jurisdictions, nor the ramifications that costly and prolonged legal disputes could have on the operations or the financial position of the Company, or the likelihood of collecting the Award. Therefore, the impact of the Award in the Company cannot be reasonably assessed at this time. The Investors, jointly with their legal counsels, will adopt the appropriate measures to preserve and defend their legal and economic interests.

## **28. CONTINGENCIES**

Additionally to the situation mentioned in Note 27, the Company and its subsidiaries are subject to litigation arising during the normal course of business. It is the Company’s policy to accrue for amounts related to these legal matters if it is probable that a liability has been incurred and an amount is reasonably estimable (see Note 16). In the opinion of management, the resolution of these matters will not have a material adverse effect on the Company’s consolidated financial statements.

## **29. RELATED PARTIES**

### **A) TRANSACTIONS WITH RELATED PARTIES**

For the years ended December 31, 2023 and 2022, the Company did not perform transactions with related parties.

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**B) KEY MANAGEMENT PERSONNEL COMPENSATION**

Key management includes Board members, alternate Board members, officers and members of the Audit Committee and Corporate Practice Committee. The compensation paid to key management for employee services is shown below:

	<b>2023</b>	<b>2022</b>
Salaries and other short-term employee benefits.....	\$ 20,150	\$ 17,208

**C) BALANCES WITH RELATED PARTIES**

At December 31, 2023 and 2022, the Company had no balances with related parties.

**30. IMPACTS OF THE CONFLICT IN UKRAINE**

During February 2022, Russian military forces invaded Ukraine. This has resulted in the imposition of sanctions on Russia and Belarus by the United States of America, the United Kingdom, the European Union and other countries, as well as counter sanctions imposed by Russia to such countries. This has caused an abrupt change in the geopolitical situation, with significant uncertainty about the duration of the conflict.

The conflict has also contributed to increase volatility in foreign exchange markets, energy prices, raw materials and other input costs, as well as supply chain tensions and rising inflation in many countries.

At December 31, 2023 and 2022, the Company has assessed the consequences of this conflict in the consolidated financial statements, with the following conclusions:

Assessment of control: In accordance with IFRS 10 "Consolidated Financial Statements" the Company has evaluated and confirms that the changes in the legal and operating environment of its subsidiaries located in Russia and Ukraine have not affected the ability to exercise control over the entities in these countries.

Goodwill impairment: In March 2022, the Company recognized a non monetary impairment charge of \$2,003 in the operating results in "Other expenses, net" due to the goodwill impairment of the cash-generating unit "Altera, LLC" located in Ukraine and associated with the Corn flour and packaged tortilla Europe business segment. This impairment loss reflects a decrease in the recoverable amount of the CGU due to the impact of the Russian invasion in February 2022.

The impact in the operations of the subsidiaries located in Ukraine and Russia at December 31, 2023 and 2022, was not material to consolidated revenues, operating income and consolidated financial position.

The Company will continue to monitor the events resulting from this ongoing conflict, evaluating the options available to try to mitigate a greater risk of loss and we will continue to evaluate the possible impact on the investment in these subsidiaries.



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**31. FINANCIAL STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company's financial position or results of operations.

[ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY]

Lic. Thomas S. Heather  
Chairman of the Audit Committee  
Gruma, S.A.B. de C.V.  
Calzada del Valle, No 407  
Col. Del Valle  
66220 Garza Garcia, N.L.

Monterrey, N.L., April 03, 2024

Dear Mr. Heather,

In compliance with the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission (Commission) that hire External Auditing for Basic Financial Statements Services (Provisions) issued on April 26, 2018, as amended, I hereby declare in accordance with article 37 of said Provisions, the following, in connection with the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2023, as well as in my capacity as the legal representative of the Firm in those points that refer specifically to the Firm itself, that:

- I. I am a certified public accountant with the valid registration number 17646 in the General Administration Federal Tax Audit (*Administración General de Auditoría Fiscal Federal*) (AGAFF), of the Tax Administration Service, issued on September 8, 2010. Additionally, the Firm I work in has the valid registration number 06839 in the AGAFF issued on August 12, 1999. Additionally, I comply with the other requirements indicated in articles 4 and 5 of the Provisions. To this date, both registrations are currently in force.
- II. From the date on which I provide my External Audit services, during the development of the same and until the issuance of the corresponding External Audit report, as well as the required communications and opinions in accordance with those indicated in Article 15 of the Provisions, as applicable, I comply with the requirements referred to in articles 4 and 5 of the Provisions. I also state that the Firm complies with the provisions of articles 6, 9 and 10, in relation to article 14 of the Provisions.
- III. That the Firm has documentary evidence of the implemented quality control system referred to in Article 9 of the Provisions and participates in a quality evaluation program that conforms to the requirements contemplated in Article 12 of the Provisions.
- IV. I grant my express consent to provide the Commission with the information it requires in order to verify compliance with the requirements described above.
- V. The Firm I work in, is obligated to keep physically or through digital images, or optical or electromagnetic means and for a period of not less than 5 years from the conclusion of the audit, all the documentation, information and other elements of judgment that cover the compliance of the previous requirements.

VI. I have audited the basic financial statements of the Entity for 3 years; also, the Firm in which I work has provided the external audit service for approximately 33 years.

PricewaterhouseCoopers, S.C.

*/S/*

C.P.A. Felipe Córdova Otero  
Audit Partner and Legal Representative

*[ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY]*

Audit Committee

C.P. Thomas S. Heather Rodriguez  
Chairman of the Audit Committee  
Gruma, S.A.B. de C.V.  
Calzada del Valle, No. 407, Col. Del Valle  
66220 Garza Garcia, N.L.

Monterrey, N.L., April 30, 2024

Dear Mr. Heather,

In relation to the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2023, 2022 and 2021 and in compliance with the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission that Hire External Auditing for Basic Financial Statements Services (Provisions), issued on April 26, 2018, as amended, I hereby grant my consent for the Issuer to include in the annual information referred to in articles 33, section I, subparagraph b), number 1 of the General Provisions Applicable to Securities' Issuers and other Securities Market's Participants, the audit report on the financial statements issued by me as an Audit Partner.

The above, in the understanding that I as Audit Partner previously ensured that the information contained in the basic financial statements included in the corresponding annual report, as well as any other financial information contained in said document which derive from the referred financial statements or the audit report presented by me, corresponds to the audited information, in order for said information to become of public knowledge.

PricewaterhouseCoopers, S.C.

/S/

C.P.A. Felipe Córdova Otero  
Audit Partner and Legal Representative

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES  
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GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2022 AND 2021

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## **Independent Auditors' Report**

To the Stockholders and Board members of  
Gruma, S. A. B. de C. V.

### **Opinion**

We have audited the accompanying consolidated financial statements of Gruma, S. A. B. de C. V. and subsidiaries (the Company), which comprise the consolidated statement of financial position at December 31, 2022, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information.

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

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent from the Company in accordance with the Professional Ethics Code of Mexican Institute of Public Accountants (*Instituto Mexicano de Contadores Públicos, A. C.*), and with other ethical requirements applicable to our audits of consolidated financial statements in Mexico. We have fulfilled our other ethical responsibilities in accordance with those requirements and that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were considered in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; therefore, we do not provide a separate opinion on these matters.



## Key audit matter

### 1. *Evaluation of goodwill for impairment*

As mentioned in Notes 3-H and 12 to the consolidated financial statements, the Company annually estimates the recoverable value of its cash generating units (CGUs) associated with goodwill to evaluate said goodwill for impairment.

We have focused on this matter mainly for the following reasons: 1) the importance of the carrying amount of goodwill (\$162 million of American dollars at December 31, 2022); 2) that the estimate of the recoverable value of the CGUs for which goodwill has been recognized involves significant Management judgments, including possible changes in the economic context where the CGUs relating to goodwill operate.

Our audit effort particularly involved the CGUs in the United States of America and Spain, due to their relevance. We focus on the significant judgments relating to the future results of the business, income growth rates and discount rates applied to the projected future cash flows.

## How our audit addressed the key audit matter

Regarding the CGUs in the United States of America and Spain, we have performed sensitivity tests and discussed their results with Management. We also evaluated the degree in which the assumptions would need to change to recognize an impairment in order to define the nature and the scope of the procedures applied to each CGU based on their risk level, as follows:

We performed an understanding of the processes followed by Management to determine the projections of future cash flows; we also evaluated whether Management had made the projections in line with the established processes and how it exercises timely supervision, and whether the determined projections are consistent with the budgets approved by the Administrative Board.

We compared actual results for the current year with the figures budgeted for this year in the previous fiscal year, to evaluate whether any assumption included in the projections may be considered very optimistic or unrealistic, in conformity with the Company's history.

We compared the models applied in determining the recoverable value of assets with the methods used and recognized for the valuation of assets with similar characteristics.

We challenged and compared, with the support of our appraisers, the significant judgments and assumptions used by Management in the projections relating to its:

- Long-term income growth rates, by comparing them with the historical growth trend of the CGU and the growth rates expected in the industry; and
- The discount rate, when evaluating the cost of capital for the Company and comparable companies, also considering the factors specific to the territory.





## 2. Risk hedging with financial instruments

As mentioned in Notes 4 and 20 to the consolidated financial statements, the Company entered into basic or standard derivative contracts which do not have complex characteristics and their objective is to hedge the risk carried by price changes and supply of certain inputs. These derivative financial instruments are related mainly to corn options, wheat, soybean and natural gas futures, natural gas, diesel, wheat, and corn swaps and currency forward contracts, carried out mainly in Mexico and the United States of America. Derivative financial instrument assets amount to \$5.1 million american dollars and derivative financial instrument liabilities, to \$34.7 million american dollars.

We have focused on the review of this matter, primarily because of the number of transactions conducted with derivative financial instruments according to the Company's operating needs and that remain open at year end and in view of their importance in the context of financial statements taken as a whole, not only for the valuation of those instruments, but for the effects they could have on the results for the year as well.

Particularly, we have made every audit effort to review the key input data used in the valuation of those instruments, such as the exchange rate value and the values of commodities (corn, wheat, soybean, natural gas, diesel and currency) at the valuation date.

We have applied the following procedures as part of our audit:

- We understood the corporate governance controls relating to the approval of these transactions and the determination of fair value.
- We discussed with the Audit Committee the monitoring of the use of derivative financial instruments by the Company.

On selective test bases:

- We inspected the evidence of authorization of new derivative contracts during the year, by the executives designated for such purposes.
- We obtained confirmations from the counterparties of the existence of instruments whose positions were open as of December 31, 2022.
- With the support of our appraisers, we have independently determined the fair value of a sample of derivative financial instruments using valuation models commonly accepted in the industry and gathering data from market sources, and compared them with the values determined by Management.
- We inspected the financial settlements in gains and losses on termination of derivative contracts.
- We compared the key input data with the exchange rate value and the values of commodities (corn, wheat, soybean, natural gas, diesel and currencies) used in determining the fair value with data from independent and recognized market sources at the valuation date.

## Other Information

Management is responsible for the other information. The other information comprises the annual report presented to Comisión Nacional Bancaria y de Valores (CNBV), which is expected to be made available to us after the date of this auditors' report. The additional information does not include the consolidated financial statements nor this auditors' report.

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



In connection with 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 our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, we will issue the report required by the CNBV and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required, describe the issue in our report.

### **Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements**

The Company's 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 Company's ability to continue as a going concern, disclosing as applicable, matters relating to going concern issues and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements taken 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 it 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 Company'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 to prepare the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures in the notes, and whether the consolidated financial statements fairly present the underlying transactions and events.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. 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 in the course of 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, actions taken to eliminate threats or safeguards applied.



Among the matters that have been communicated to those charged with the Company's governance, we determine those of most significance in the audit of the consolidated financial statements for the current year, which are, consequently, the key audit matters. We describe these matters in this auditors' report, except for those legal or regulatory provisions that prohibit the public disclosure of the matter or if, in extremely infrequent circumstances, we determine that a matter should not be communicated in our report because adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, S.C.

**[Spanish original version signed by:]**

Certified Public Accountant Felipe Córdova Otero  
Audit Partner

Monterrey, N. L., April 5, 2023

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022, AND 2021 AND AS OF JANUARY 1, 2021**  
(In thousands of american dollars)  
(Notes 1, 2 and 3)

<b>A s s e t s</b>	<u>Note</u>	<u>2022</u>	<u>2021*</u>	<u>January 1, 2021*</u>
<b>Current:</b>				
Cash and cash equivalents.....	6	\$ 283,864	\$ 254,968	\$ 309,431
Derivative financial instruments.....	20	5,178	47,021	53,375
Accounts receivable, net.....	7	636,739	510,278	497,361
Inventories.....	8	969,816	723,872	598,783
Recoverable income tax.....		27,092	26,511	21,623
Prepaid expenses.....		31,299	31,610	23,303
Total current assets.....		<u>1,953,988</u>	<u>1,594,260</u>	<u>1,503,876</u>
<b>Non-current:</b>				
Long-term notes and accounts receivable.....	9	14,177	11,575	13,497
Property, plant and equipment, net.....	10	1,821,815	1,647,681	1,556,193
Right-of-use assets, net.....	11	333,189	289,292	310,739
Intangible assets, net.....	12	189,016	194,048	198,138
Deferred tax.....	13	74,471	90,267	115,846
Total non-current assets.....		<u>2,432,668</u>	<u>2,232,863</u>	<u>2,194,413</u>
<b>Total Assets.....</b>		<u>\$ 4,386,656</u>	<u>\$ 3,827,123</u>	<u>\$ 3,698,289</u>
<b>L i a b i l i t i e s</b>				
<b>Current:</b>				
Short-term debt.....	14	\$ 146,971	\$ 54,679	\$ 136,359
Short-term lease liability.....	11	49,107	37,538	35,959
Trade accounts payable.....	15	446,795	425,337	311,804
Derivative financial instruments.....	20	34,731	4,650	52,521
Provisions.....	16	16,312	9,852	6,371
Income tax payable.....		28,654	24,992	20,722
Other current liabilities.....	17	308,445	260,575	265,310
Total current liabilities.....		<u>1,031,015</u>	<u>817,623</u>	<u>829,046</u>
<b>Non-current:</b>				
Long-term debt.....	14	1,461,605	1,133,695	1,010,354
Long-term lease liability.....	11	318,305	281,542	298,883
Derivative financial instruments.....	20	-	358	9,079
Provision for deferred taxes.....	13	43,737	67,184	63,112
Employee benefits obligations.....	18	58,580	54,263	54,559
Provisions.....	16	36,225	31,401	37,124
Other non-current liabilities.....		3,604	4,836	8,989
Total non-current liabilities.....		<u>1,922,056</u>	<u>1,573,279</u>	<u>1,482,100</u>
<b>Total Liabilities.....</b>		<u>2,953,071</u>	<u>2,390,902</u>	<u>2,311,146</u>
<b>E q u i t y</b>				
<b>Controlling interest:</b>				
Common stock.....	19	371,274	377,854	387,648
Reserves.....		(455,970)	(358,628)	(391,037)
Retained earnings.....	19	1,518,635	1,418,103	1,391,162
Total controlling interest.....		<u>1,433,939</u>	<u>1,437,329</u>	<u>1,387,773</u>
Non-controlling interest.....		(354)	(1,108)	(630)
<b>Total Equity.....</b>		<u>1,433,585</u>	<u>1,436,221</u>	<u>1,387,143</u>
<b>Total Equity and Liabilities.....</b>		<u>\$ 4,386,656</u>	<u>\$ 3,827,123</u>	<u>\$ 3,698,289</u>

\* The comparative financial statements were adjusted for change of presentation currency, see note 2-B.

The accompanying notes are an integral part of these consolidated financial statements.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(In thousands of american dollars, except the amounts per share)  
(Notes 1, 2 and 3)

	Note	2022	2021*
Net sales.....	5	\$ 5,596,621	\$ 4,623,571
Cost of sales.....	21	<u>(3,617,119)</u>	<u>(2,960,468)</u>
<b>Gross profit.....</b>		1,979,502	1,663,103
Selling and administrative expenses.....	21	(1,351,299)	(1,144,233)
Other (expenses) income, net.....	22	<u>(18,060)</u>	<u>34,855</u>
<b>Operating income.....</b>		610,143	553,725
Comprehensive financing cost, net.....	24	<u>(100,088)</u>	<u>(81,600)</u>
<b>Income before income tax.....</b>		510,055	472,125
Income tax expense.....	25	<u>(190,865)</u>	<u>(169,914)</u>
<b>Consolidated net income from continuing operations.....</b>		319,190	302,211
Loss from discontinued operations.....		<u>-</u>	<u>(31)</u>
<b>Consolidated net income.....</b>		<u>\$ 319,190</u>	<u>\$ 302,180</u>
Attributable to:			
Shareholders.....		\$ 319,222	\$ 302,155
Non-controlling interest.....		<u>(32)</u>	<u>25</u>
		<u>\$ 319,190</u>	<u>\$ 302,180</u>
<b>From continued operations:</b>			
Basic and diluted earnings per share (pesos).....		<u>\$ 0.85</u>	<u>\$ 0.77</u>
<b>From discontinued operations:</b>			
Basic and diluted losses per share (pesos).....		<u>\$ -</u>	<u>\$ -</u>
<b>From continued and discontinued operations:</b>			
Basic and diluted earnings per share (pesos).....		<u>\$ 0.85</u>	<u>\$ 0.77</u>
Weighted average shares outstanding (thousands).....		<u>373,564</u>	<u>390,875</u>

\* The comparative financial statements were adjusted for change of presentation currency, see note 2-B.

The accompanying notes are an integral part of these consolidated financial statements.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(In thousands of american dollars)  
(Notes 1, 2 and 3)

	<u>Note</u>	<u>2022</u>	<u>2021*</u>
<b>Consolidated net income</b> .....		\$ 319,190	\$ 302,180
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of employment benefit obligations	18	1,875	1,469
Income taxes	13	(240)	(259)
		<u>1,635</u>	<u>1,210</u>
Items that will be subsequently reclassified to profit or loss:			
Cumulative translation adjustments		5,275	(40,792)
Cash flow hedges	20	35,456	98,664
Other		376	(812)
Income taxes	13	(23,680)	(7,662)
		<u>17,427</u>	<u>49,398</u>
Other comprehensive income, net of tax		19,062	50,608
<b>Total comprehensive income</b> .....		<u>\$ 338,252</u>	<u>\$ 352,788</u>
Total comprehensive income for the period attributable to:			
Controlling interest		\$ 337,498	\$ 352,761
Non-controlling interest		754	27
		<u>\$ 338,252</u>	<u>\$ 352,788</u>
Total comprehensive income for the period attributable to shareholders arises from:			
Continuing operations		\$ 337,498	\$ 352,870
Discontinued operations		-	(109)
		<u>\$ 337,498</u>	<u>\$ 352,761</u>

\* The comparative financial statements were adjusted for change of presentation currency, see note 2-B.

The accompanying notes are an integral part of these consolidated financial statements.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(In thousands of american dollars)  
(Notes 1, 2 and 3)

	Common stock (Note 19-A)		Reserves					Total equity
	Number of shares (thousands)	Amount	Cumulative translation adjustments (Note 19-C)	Cash flow hedges and other reserves (Note 20-C)	Retained earnings and other reserves (Note 19-B)	Total controlling interest	Non-controlling interest	
<b>Balances as of January 1, 2021*</b> .....	397,297	\$ 387,648	\$ (383,458)	\$ (7,579)	\$ 1,391,162	\$ 1,387,773	\$ (630)	\$ 1,387,143
Transactions with shareholders:								
Dividends declared (5.20 pesos per share).....	-	-	-	-	(102,512)	(102,512)	(39)	(102,551)
Effect of non-controlling interest share purchase	-	-	-	-	-	-	(466)	(466)
Purchase of own shares.....	(16,265)	(9,794)	-	-	(173,100)	(182,894)	-	(182,894)
	(16,265)	(9,794)	-	-	(275,612)	(285,406)	(505)	(285,911)
Costs of cash flow hedging transferred to the carrying value of inventory purchased during the year, includes taxes of \$5,566 .....	-	-	-	(17,799)	-	(17,799)	-	(17,799)
	(16,265)	(9,794)	-	(17,799)	(275,612)	(303,205)	(505)	(303,710)
Comprehensive income:								
Net income of the year.....	-	-	-	-	302,155	302,155	25	302,180
Translation adjustments, includes taxes of \$8,693.....	-	-	(32,101)	-	-	(32,101)	2	(32,099)
Remeasurement of employment benefit obligations, includes taxes of (\$259).....	-	-	-	-	1,210	1,210	-	1,210
Cash flow hedges, includes taxes of (\$16,355)...	-	-	-	82,309	-	82,309	-	82,309
Other .....	-	-	-	-	(812)	(812)	-	(812)
Comprehensive income of the year.....	-	-	(32,101)	82,309	302,553	352,761	27	352,788
<b>Balances as of December 31, 2021*</b> .....	<u>381,032</u>	<u>377,854</u>	<u>(415,559)</u>	<u>56,931</u>	<u>1,418,103</u>	<u>1,437,329</u>	<u>(1,108)</u>	<u>1,436,221</u>
Transactions with shareholders:								
Dividends declared (5.40 pesos per share).....	-	-	-	-	(98,296)	(98,296)	-	(98,296)
Purchase of own shares.....	(10,723)	(6,580)	-	-	(122,405)	(128,985)	-	(128,985)
	(10,723)	(6,580)	-	-	(220,701)	(227,281)	-	(227,281)
Costs of cash flow hedging transferred to the carrying value of inventory purchased during the year, includes taxes of \$42,718.....	-	-	-	(113,607)	-	(113,607)	-	(113,607)
	(10,723)	(6,580)	-	(113,607)	(220,701)	(340,888)	-	(340,888)
Comprehensive income:								
Net income of the year.....	-	-	-	-	319,222	319,222	(32)	319,190
Translation adjustments, includes taxes of (\$10,780).....	-	-	(6,291)	-	-	(6,291)	786	(5,505)
Remeasurement of employment benefit obligations, includes taxes of (\$240).....	-	-	-	-	1,635	1,635	-	1,635
Cash flow hedges, includes taxes of (\$12,900)...	-	-	-	22,556	-	22,556	-	22,556
Other .....	-	-	-	-	376	376	-	376
Comprehensive income of the year.....	-	-	(6,291)	22,556	321,233	337,498	754	338,252
<b>Balances as of December 31, 2022</b> .....	<u>370,309</u>	<u>\$ 371,274</u>	<u>\$ (421,850)</u>	<u>\$ (34,120)</u>	<u>\$ 1,518,635</u>	<u>\$ 1,433,939</u>	<u>\$ (354)</u>	<u>\$ 1,433,585</u>

\* The comparative financial statements were adjusted for change of presentation currency, see note 2-B.

The accompanying notes are an integral part of these consolidated financial statements.



**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(In thousands of american dollars)  
(Notes 1, 2 and 3)

	Note	2022	2021*
Operating activities:			
<b>Income before taxes</b> .....		\$ 510,055	\$ 472,125
Derivative financial instruments.....	20 and 22	13,669	(20,699)
Foreign exchange loss from working capital.....		2,883	1,555
Net cost of the year for employee benefit obligations.....		15,919	16,540
Allowance for doubtful accounts.....		3,716	2,178
Damaged, slow-moving and obsolete inventory.....		12,420	8,383
Items related with investing activities:			
Depreciation and amortization.....		196,558	179,350
Impairment of long-lived assets.....		2,147	2,465
Interest income.....		(4,041)	(1,678)
Gain in sale of fixed assets.....	22	(1,741)	(8,591)
Items related with financing activities:			
Derivative financial instruments.....	20 and 24	(2,175)	804
Foreign exchange gain from debt.....		(10)	(4)
Foreign exchange (gain) loss from lease liability.....		(1,281)	560
Interest expense.....		95,968	66,761
		<u>844,087</u>	<u>719,749</u>
Accounts receivable.....		(232,628)	75,500
Inventories.....		(232,977)	(157,357)
Prepaid expenses.....		1,322	(8,544)
Trade accounts payable.....		15,132	124,702
Accrued liabilities and other accounts payables.....		82,071	(32,488)
Income taxes paid.....		(163,635)	(146,877)
Payments of employee benefits obligations.....		(13,106)	(13,737)
		<u>(543,821)</u>	<u>(158,801)</u>
<b>Net cash inflow from operating activities</b> .....		<u>300,266</u>	<u>560,948</u>
Investing activities:			
Acquisitions of property, plant and equipment.....	5 and 10	(297,515)	(286,481)
Sale of property, plant and equipment.....		152	35,476
Acquisition of intangible assets.....	12	(654)	(6,069)
Interests collected.....		4,041	1,678
Other.....		(4,384)	(2,768)
		<u>(298,360)</u>	<u>(258,164)</u>
<b>Net cash outflow from investing activities</b> .....		<u>(298,360)</u>	<u>(258,164)</u>
<b>Cash to be used in financing activities</b> .....		<u>1,906</u>	<u>302,784</u>
Financing activities:			
Proceeds from debt.....	14	2,110,723	1,010,597
Payment of debt.....	14	(1,708,842)	(957,423)
Payment of lease liability.....		(45,483)	(43,930)
Interests paid.....		(75,034)	(49,199)
Interests paid on lease liability.....		(16,786)	(16,290)
Derivative financial instruments collected.....		(1,126)	(804)
Purchase of own shares.....		(131,330)	(184,492)
Dividends paid.....		(97,500)	(106,096)
		<u>34,622</u>	<u>(347,637)</u>
<b>Net cash inflow (outflow) from financing activities</b> .....		<u>34,622</u>	<u>(347,637)</u>
Net increase (decrease) increase in cash and cash equivalents.....		36,528	(44,853)
Effects of exchange rate changes on cash and cash equivalents.....		(7,632)	(9,610)
<b>Cash and cash equivalents at the beginning of the year</b> .....		<u>254,968</u>	<u>309,431</u>
<b>Cash and cash equivalents at the end of the year</b> .....		<u>\$ 283,864</u>	<u>\$ 254,968</u>

\* The comparative financial statements were adjusted for change of presentation currency, see note 2-B.

The accompanying notes are an integral part of these financial statements.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2022 AND 2021**  
**(In thousands of american dollars, except where otherwise indicated)**

**1. ENTITY AND OPERATIONS**

Gruma, S.A.B. de C.V. (GRUMA) is a Mexican company with subsidiaries located in Mexico, the United States of America, Central America, Europe, Asia and Oceania, together referred to as the “Company”. The Company’s main activities are the production and sale of corn flour, tortillas and related products.

GRUMA is a publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*) organized under the laws of Mexico. The address of its registered office is Calzada del Valle 407 in San Pedro Garza García, Nuevo León, Mexico. GRUMA is listed on the Mexican Stock Exchange.

The consolidated financial statements were authorized by the Chief Administrative Office of the Company on April 5, 2023.

**2. BASIS OF PREPARATION**

The consolidated financial statements of Gruma, S.A.B. de C.V. and Subsidiaries for all the periods presented have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The IFRS also include the International Accounting Standards (IAS) in force, as well as all the related interpretations issued by the IFRS Interpretations Committee, including those previously issued by the Standing Interpretations Committee.

The Company adopted the following amendments that were effective starting January 1, 2022, which had no impact on the Company’s financial position or results of operations:

- Property, plant and equipment: Proceeds before intended use – Amendments to IAS 16.
- Onerous Contracts - Cost of Fulfilling a Contract – Amendments to IAS 37.
- Annual Improvements to IFRS Standards 2018 – 2020.
- Reference to the Conceptual Framework - Amendments to IFRS 3.

**A) BASIS OF MEASUREMENT**

The consolidated financial statements have been prepared based on historical cost, except for the fair value of certain financial instruments as described in the policies shown below (see Note 3-K).

The preparation of financial statements requires that management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates. The key factors in the estimates and assumptions remain the same as those applied in the previous year.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2022 AND 2021**  
**(In thousands of american dollars, except where otherwise indicated)**

**B) FUNCTIONAL AND PRESENTATION CURRENCY**

The functional currency of GRUMA, S.A.B. de C.V., parent company, is in Mexican pesos.

In accordance with the International Accounting Standard 21, "The effects of changes in foreign exchange rates" (IAS 21) and with the approval of the Board of Directors and prior favorable opinion of the Audit Committee, the Company decided to change its presentation currency from the Mexican peso to the american dollar for the consolidated financial statements as of January 1, 2022. This decision considered that: a) the accounting rules allow choosing the presentation currency, based on the measure used by management to control and monitor the financial position and performance of the Company, b) the Company operates internationally, with the american dollar being the main currency in the markets in which it participates; and c) greater ease of analysis is expected for the different users of the consolidated financial information, including comparability with the financial reports of other global entities.

The consolidated financial statements, including comparative figures and the accompanying notes, are presented as if the new presentation currency the american dollar had always been the Company's presentation currency.

Translation adjustments and cumulative translation adjustments have been presented as if the Company had used the american dollar as the presentation currency since January 1, 2010, the initial date of transition to IFRS by the Company. Comparative financial statements and their related notes were retrospectively adjusted for the change in presentation currency by applying the methodology set out in IAS 21, using the closing exchange rates for the consolidated statements of financial position and the closing exchange rates of each month within the respective periods for consolidated income statements, consolidated statements of comprehensive income and consolidated statements of cash flows.

Historic equity transactions were translated at the foreign exchange rate of the transactions and were subsequently carried at historical value.

According to IAS 1 "Presentation of financial statements" the change in policy made by the Company regarding to the change in the presentation currency from Mexican peso to american dollar from January 1, 2022 requires the presentation of a third statement of financial position at the beginning of the immediately preceding period, that is on January 1, 2021.

In these financial statements and its notes, when reference is made to dollars or "\$", it refers to thousands of american dollars, also, when reference is made to "Ps.", it means thousands of Mexican pesos.

**C) USE OF ESTIMATES AND JUDGMENTS**

The relevant estimates and assumptions are reviewed on a regular basis. The revisions of accounting estimates are recognized in the period in which the estimate is reviewed and in any future period that is affected.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2022 AND 2021**  
(In thousands of american dollars, except where otherwise indicated)

In particular, the information for assumptions, uncertainties from estimates, and critical judgments in the application of accounting policies, that have the most significant effect in the recognized amounts in these consolidated financial statements are described below:

- The assumptions used for the determination of fair values of financial instruments (Note 20).
- The assumptions and uncertainties with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income (Notes 13 and 25).
- The key assumptions in impairment testing for long-lived assets used for the determination of the recoverable amount for the different cash generating units (Notes 10 and 12).
- The actuarial assumptions used for the determination of employee benefits obligations (Note 18).

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) BASIS OF CONSOLIDATION**

**a. Subsidiaries**

The subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are incorporated in the consolidated financial statements starting on the date on which the control begins, until the date such control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Company.

As of December 31, the main subsidiaries included in the consolidation are:

	<u>2022</u>	<u>2021</u>
Gruma Corporation and subsidiaries.....	100.00	100.00
Grupo Industrial Maseca, S.A. de C.V. and subsidiaries.....	100.00	100.00
Gruma International Foods, S.L. and subsidiaries.....	100.00	100.00
Mission Foods México, S. de R.L. de C.V.....	100.00	100.00

At December 31, 2022 and 2021, there are no significant restrictions on the investment of the subsidiaries mentioned above, except for those described in Note 27.

**b. Transactions with non-controlling interest without change of control**

The Company applies a policy of treating transactions with non-controlling interest as transactions with equity owners of the Company. When purchases from non-controlling interest take place, the difference between any consideration paid and the relevant interest acquired of the carrying value of net assets of the subsidiary is recognized as equity transactions; therefore, no goodwill is recognized with these acquisitions. Disposals of non-controlling interests result in gains or losses for the Company and are recorded in equity when there is no loss of control.

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**c. Business combinations**

Business combinations are recognized through the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is measured as the fair value of the assets transferred, the liabilities incurred by the Company with the previous owners and the equity instruments issued by the Company. The cost of an acquisition also includes the fair value of any contingent payment.

The related acquisition costs are recognized in the income statement when incurred.

Identifiable assets acquired, liabilities assumed and contingent liabilities in a business combination are measured at fair value at the acquisition date.

The Company recognizes any non-controlling interest as the proportional share of the net identifiable assets of the acquired entity.

The Company recognizes goodwill when the cost including any amount of non-controlling interest in the acquired entity exceeds the fair value at acquisition date of the identifiable assets acquired and liabilities assumed.

When the entity or entities acquired are, before and after the acquisition, ultimately controlled by the same entity, and such control is not temporary, it is assumed that the entities are under common control and therefore, there is no business combination. Transactions and exchanges between entities under common control are recognized on the basis of the carrying value of assets and liabilities transferred on the date of the transaction, and therefore, goodwill is not recognized.

**B) FOREIGN CURRENCY**

**a. Foreign currency transactions**

Transactions that are realized in a different functional currency of each consolidated entity are translated using the exchange rates effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at year-end exchange rates. The differences that arise from the translation of foreign currency transactions are recognized in the income statement.

**b. Currency translation of entities**

Currency translation of entities for subsidiaries with non-hyperinflationary economies

The financial statements of the Company's entities are measured using the currency of the main economic environment where each entity operates (functional currency). The consolidated financial statements are presented in american dollars, currency that corresponds to the presentation currency of the Company.

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The financial position and results of the entities that have a functional currency which differs from the Company's presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate of the year.
- Income and expenses are translated at average exchange rates when it has not fluctuated significantly during the period.
- Equity is translated at the effective exchange rate in the date when the contributions were made and the earnings were generated.
- All resulting exchange differences are recognized in other comprehensive income as a separate component of equity denominated "Cumulative translation adjustments".

Currency translation of entities for subsidiaries with hyperinflationary economies

Previous to the translation to american dollars, the financial statements of entities whose functional currency is from an hyperinflationary environment, are adjusted by the inflation factor in order to reflect the changes in purchasing power of the local currency. Subsequently, assets, liabilities, equity, income, costs, and expenses are translated to the presentation currency at the closing rate at the end of the period. To determine the existence of hyperinflation, the Company evaluates the qualitative characteristics of the economic environment, as well as the quantitative characteristics established by IFRS of an accumulated inflation rate equal or higher than 100% in the past three years.

The Company presents the hyperinflation effects and reporting currency translation in equity in the item cumulative translation adjustments, because it is considered that the combination of both effects meets the definition of exchange difference in accordance with IAS 21.

The Company applies hedge accounting to foreign exchange differences originated between the functional currency of a foreign subsidiary and the functional currency of the Company. Exchange differences resulting from the translation of a financial liability designated as hedge for a net investment in a foreign subsidiary, are recognized in "other comprehensive income" as a separate component denominated "Cumulative translation adjustments" while the hedge is effective. See Note 3-K for the accounting of the net investment hedge.

The closing exchange rates used to prepare the consolidated statement of financial position are as follows:

Per american dollar	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Mexican Peso.....	19.3615	20.5835
Euro.....	0.9340	0.8832
Pound sterling .....	0.8281	0.7409
Swiss franc .....	0.9236	0.9138
Australian dollar.....	1.4677	1.3801
Chinese yuan .....	6.9646	6.3674
Malaysian ringgit.....	4.4040	4.1778
Costa Rica colon.....	601.99	645.25
Ukrainian hryvnia.....	36.5686	27.3120
Russian ruble.....	70.3375	74.2926
Turkish lira.....	18.6983	12.9775

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**c. Recognition of the effects of inflation in countries with hyperinflationary economies**

The Company recognizes the effects of inflation in the financial information of its subsidiaries when they operate in a hyperinflationary economy.

The main procedures to apply the effects of inflation to the financial information of the subsidiary are the following:

- Non-monetary assets such as property, plant and equipment, intangible assets and inventories that are not registered in actual values at the date of the balance sheet, as well as equity components, are restated by applying the corresponding inflation factors since the acquisition or contribution date.
- Items of the statement of comprehensive income are restated by applying the inflation factors, except for depreciation and amortization, and the cost impact of the inventories at the time of consumption.
- Gain or loss of monetary assets held is presented in income statement and is determined by applying the inflation factor of the period to the difference between monetary assets and liabilities.

**Turkey**

Starting April 2022, Turkey is considered a hyperinflationary economy due mainly to the accumulated inflation in the last 3 years that surpassed the 100%. The downturn of the economic condition and the foreign exchange controls, support the conclusion that, for accounting purposes, is a hyperinflationary economy. From that date, the financial information of the subsidiary located in Turkey has been adjusted to recognize the cumulative effects of inflation with retroactive effects from January 1, 2022. These effects do not represent a significant impact in the consolidated accounts of the Company.

**C) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash and short term highly liquid investments with original maturities of less than three months. These items are recognized at historical cost, which do not differ significantly from its fair value.

**D) ACCOUNTS RECEIVABLE**

Trade receivables are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method, less provision for impairment. The Company has determined that the amortized cost does not represent significant differences with respect to the invoiced amount from short-term trade receivables, since the transactions do not have relevant associated costs.

Allowances for doubtful accounts or impairment represent expected future credit losses. The recognition of these losses is obliged since the moment the trade receivable is recognized.

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**E) INVENTORIES**

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the average cost method. The net realizable value is the estimated selling price of inventory in the normal course of business, less applicable variable selling expenses. The cost of finished goods and production in process includes raw materials, direct labor, other direct costs and related production overheads. Cost of inventories could also include the transfer from comprehensive income within equity of any gains or losses on cash flow hedges for purchases of raw materials.

**F) PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are valued at acquisition cost, less accumulated depreciation and recognized impairment losses. Cost includes expenses that are directly attributable to the asset acquisition.

Subsequent costs, including major improvements, are capitalized and are included in the carrying value of the asset or recognized as a separate asset, only when it is probable that future economic benefits associated with the specific asset will flow to the Company and the costs can be measured reliably. Repairs and maintenance are recognized in the income statement when incurred. Major improvements are depreciated during the remaining useful life of the related asset. Replacement and spare parts that the Company expects to use in more than one year and are attributable to a specific machine should be recognized within Property, plant and equipment. Leasehold improvements are depreciated in accordance with the useful life of the improvement component or the remaining lease term. Land is not depreciated.

Costs of borrowings, general and specific, of qualifying assets that require a substantial period of time (over one year) for acquisition or construction, are capitalized as part of the acquisition cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

Depreciation is calculated over the asset cost less residual value, considering its components separately. Depreciation is recognized in income using the straight-line method and applying annual rates that reflect the estimated useful lives of the assets. The estimated useful lives are summarized as follows:

	<b>Years</b>
Buildings.....	25 – 50
Machinery and equipment.....	5 – 25

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses from sale of assets result from the difference between revenues of the transaction and the book value of the assets, which is included in the income statement as other (expenses) income, net.



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**G) INTANGIBLE ASSETS**

**a. Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to the operating segment.

**b. Intangible assets with finite useful lives**

Intangible assets with finite useful lives are carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

	Years
Non-compete agreements.....	3 - 20
Patents and trademarks.....	3 - 20
Customer lists.....	5 - 20
Software for internal use.....	3 - 7

**c. Intangible assets with indefinite useful lives**

Intangible assets with indefinite useful lives are not amortized, but subject to impairment tests on an annual basis or whenever the circumstances indicate that the value of the asset might be impaired.

**d. Research and development**

Research costs are expensed when incurred.

Costs from development activities are recognized as an intangible asset when such costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits will be obtained, and the Company pretends and has sufficient resources in order to complete the development and use or sell the asset. The amortization is recognized in income based on the straight-line method during the estimated useful life of the asset.

Development costs that do not qualify as intangible assets are recognized in income when incurred.

**H) IMPAIRMENT OF LONG-LIVED ASSETS**

The Company performs impairment tests for its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives, when certain events and circumstances suggest that the

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carrying value of the assets might not be recovered. Intangible assets with indefinite useful lives and goodwill are subject to impairment tests at least once a year.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of an asset's fair value less costs to sell and value in use. To determine value in use, estimated future cash flows are discounted at present value, using a discount rate after tax that reflect time value of money and considering the specific risks associated with the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit) and in some cases they are grouped to evaluate them at the operating segment level.

Impairment losses on goodwill are not reversed. For other assets, impairment losses are reversed if a change in the estimates used for determining the recoverable amount has occurred. Impairment losses are reversed to the extent that the book value does not exceed the book value that was determined, net of depreciation or amortization, if no impairment loss was recognized.

#### **I) LONG-LIVED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

Long-lived assets are classified as held for sale when (a) their carrying amount is to be recovered mainly through a sale transaction, rather than through continuing use, (b) the assets are held immediately for sale and (c) the sale is considered highly probable in its current condition.

For the sale to be considered highly probable:

- Management must be committed to a sale plan.
- An active program must have begun in order to locate a buyer and to complete the plan.
- The asset must actively be quoted for its sale at a price that is reasonable to its current fair value; and
- The sale is expected to be completed within a year starting the date of classification.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Discontinued operations are the operations and cash flows that can be clearly distinguished from the rest of the entity, that either have been disposed of or have been classified as held for sale, and:

- Represent a line of business or geographical area of operations.
- Are part of a single coordinated plan to dispose of a line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

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**J) FINANCIAL INSTRUMENTS**

**a. Financial assets**

(i) Classification

The Company classifies its financial assets in the following categories:

- Those to be measured at amortized cost.
- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss).

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company classifies a financial asset to be measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

The Company classifies a financial asset to be measured at fair value through other comprehensive income if the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

(ii) Recognition

Regular purchases and sales of financial assets are recognized in the balance sheet on the trade date, which is the date when the Company commits to purchase or sell the instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognized as expense.

After initial recognition, the Company measures financial assets at amortized cost or at fair value with changes in other comprehensive income or in results of the year.

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(iv) Impairment

The Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the trade receivables and long-term notes and accounts receivable. To measure the expected credit losses, the assets have been grouped based on shared credit risk characteristics and the days past since their initial recognition. The expected loss rates are based on the payment profiles of sales over a period of 12 months before December 31, 2022 and 2021, respectively, and the corresponding historical credit losses experienced within this period.

Accounts receivable and long-term receivables are canceled when there is no reasonable expectation of collection.

**b. Financial liabilities**

(i) Classification

The Company classifies its financial liabilities to be measured at amortized cost, except for the liabilities from derivative financial instruments that are measured at fair value through profit or loss.

Debt and financial liabilities

Debt and financial liabilities that are non-derivatives are initially recognized at fair value, net of transaction costs directly attributable to them; subsequently, these liabilities are recognized at amortized cost. The difference between the net proceeds and the amount payable is recognized in the income statement during the debt term, using the effective interest rate method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities for trading (derivative financial instruments).

(ii) Derecognition

Financial liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in income.

**c. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when the right to offset the recognized amounts is legally enforceable and there is an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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**K) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES**

Derivative financial instruments are initially recognized at fair value and are subsequently re-measured at their fair value; the transaction costs are recognized in the income statement when incurred. Derivative financial instruments are classified as current, except for maturities exceeding twelve months.

Fair value is determined based on recognized market prices. When not quoted in markets, fair value is determined using valuation techniques commonly used in the financial sector. Fair value reflects the credit risk of the instrument and includes adjustments to consider the credit risk of the Company or the counterparty, when applicable.

The method for recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge and the nature of the item being hedged.

For derivative financial instruments that are entered into to hedge certain risks and do not qualify for hedge accounting, the changes in the fair value of such instruments are recognized immediately in the income statement as Other (expenses) income, net or Comprehensive financing cost, net, according to the nature of the hedged item.

The derivative financial instruments that the Company designates and qualifies as accounting hedges, are classified as follows:

- Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, including objectives, strategies for risk management and the method for assessing effectiveness in the hedge relationship. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

**a. Fair value hedges**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk, see Note 20-C.

**b. Cash flow hedges**

For cash flow hedge transactions, changes in the fair value of the derivative financial instrument are included as other comprehensive income in equity, based on the evaluation of the hedge effectiveness, see Note 20-C.

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When option contracts are used to hedge forecast transactions, the Company designates only the intrinsic value of the options as the hedging instrument. Gains or losses related to the effective portion of the change in the intrinsic value of the options are recognized in other comprehensive income within equity. Changes in the time value of options that are related to the hedged item (aligned time value) are recognized in other comprehensive income within equity. The intrinsic value of options on foreign currency transactions is determined by reference to the spot exchange rate of the relevant market. The spread between the contracted strike price and the discounted market spot rate is defined as time value. When material, the value is discounted.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in income as other (expenses) income, net.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately registered in the income statement. However, when the forecasted transaction recognizes a non-financial asset or non-financial liability, the cumulative gains or losses recognized in other comprehensive income are transferred from equity and included in the initial measurement of the non-financial asset or non-financial liability.

**c. Net investment hedge**

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold, see Note 19-C.

**L) TRADE ACCOUNTS AND OTHER ACCOUNTS PAYABLES**

These balances represent the liabilities for goods and services provided to the Company before the end of the year that have not been paid. The amounts are not guaranteed and are generally paid within 30 days of recognition. Suppliers and other accounts payable are presented as current liabilities unless the balance is not payable within 12 months after the reporting period.

The Company has established supplier financing programs, through which they can discount their documents with different financial institutions. The balance payable derived from these programs is recognized within Trade accounts payable in the consolidated balance sheet, without generating a payment obligation with the financial institution. The financial cost of these operations is by the suppliers. This supplier program is presented as an operating activity in the statement of cash flows.

Accounts payable are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method.

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**M) LEASES**

Contracts with counterparties celebrated by the Company, in which the transfer of the right to control the use of an identified asset for a certain term in exchange for a consideration, are classified as leases. There is control if the Company obtains the economic benefits from the use of the asset and has the right to direct and decide on the use of the asset during the term of the lease.

The Company applies the lease accounting model, which consists in the recognition of all leases within the statement of financial position. Contracts celebrated by the Company for more than a 12-month term and whose underlying asset has a value greater than five thousand American dollars are recognized as leases.

For contracts that contain both lease and non-lease components, the Company, in its capacity as lessee, allocates the component value as follows:

- When there is an observable individual price for each component, it is separated and allocated according to the specific individual prices of the components, and applies for all assets of that class.
- When there is no individual price for some or all the components, the components will not be separated and are accounted for as a single lease component, and applies to all assets of that class.

The term of a lease is determined based on the non-cancellable period of the lease contract, plus the optional renewable periods agreed in such contract, if the Company is reasonably certain to extend by considering factors such as: improvements made to the leased asset, penalties for not extending the contract, determination of high costs to be incurred for the replacement of the leased asset, among others; and that the extension option can only be exercised by the Company.

Lease liabilities include the net present value of the following lease payments:

- a) Fixed lease payments, minus lease incentives receivable;
- b) Variable lease payments that are based on an index or a rate;
- c) Amounts expected to be payable by the group under residual value guarantees;
- d) The exercise price of a purchase option if the group is reasonably certain to exercise that option;  
and
- e) Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

For leases, the Company recognizes, at the beginning of the contract, a liability equivalent to the present value of the lease payments agreed in the contract, discounted using the incremental interest rate. After the start date, the lease liability is measured by increasing its carrying value to reflect the accrued interest and decreasing its carrying value to reflect the lease payments made.

The incremental interest rate is determined using the interest rates of comparable bonds of companies with similar credit ratings as the Company, plus the Company's credit risk factor and the risk factor from the country where the asset is located. The above mentioned is considering a similar lease contract and similar security.

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For property, plant and equipment leases containing terms of variable payments in which lease payments are modified during the term of the lease, possible future increases in variable lease payments are considered as part of the lease liability. Until effective, the lease liability is reassessed, and the right-of-use asset is adjusted.

The interest expense of a lease liability is recognized monthly by applying the incremental interest rate the term of the lease.

At the beginning of the lease contract, the right-of-use asset is recognized at cost. The cost of the asset includes the present value of the lease payments agreed in the contract and the initial direct costs incurred by the Company, such as restorations or dismantling; after that date, the carrying value of the right-of-use asset is measured decreasing the accumulated depreciation and the accumulated impairment losses.

The Company applies the straight-line method for the depreciation of the right-of-use assets, which begins on the start date of the lease.

The right-of-use assets are normally depreciated in a straight line during the shortest period between the useful life of the asset and the lease term. If the Company has reasonable certainty to exercise a purchase option, the right-of-use asset depreciates over the useful life of the underlying asset.

The Company recognizes in income the payments for short-term leases or those in which the underlying asset is of low value, applying the straight-line method during the lease period.

For full or partial termination of lease contracts, the Company as lessee will recognize the new measurement of the lease liability adjusting the book value of the right-of-use asset resulting from the lease termination and the related gains or losses will be recognized in income of the year.

The Company applies impairment tests to the right-of-use assets when there are indications that the carrying value of the assets may not be recovered. See Note 3-H.

## **N) EMPLOYEE BENEFITS**

### **a. Post-employment benefits**

In Mexico, the Company has the following defined benefit plans:

- Single-payment retirement plan, when employees reach the required retirement age, which is 60.
- Seniority premium, after 15 years of service.

The Company has established trust funds to meet its obligations for the seniority premium. Employees do not contribute to these funds.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation, less the fair value of plan assets. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to



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the net defined benefit liability (asset). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using discount rates in accordance with IAS 19, that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement.

In the United States, the Company has saving and investment plans that incorporate voluntary employees 401(k) contributions with matching contributions of the Company in this country. The Company's contributions are recognized in the income statement when incurred.

**b. Termination benefits**

Termination benefits are payable when employment is terminated by decision of the Company before the normal retirement date.

The Company recognizes termination benefits as a liability at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognizes restructuring costs that represents a provision and involves the payment of termination benefits. Termination benefits that do not meet this requirement are recognized in the income statement in the period when incurred.

**c. Short term benefits**

Short term employee benefits are measured at nominal base and are recognized as expenses as the related service is provided. If the Company has the legal or constructive obligation to pay as a result of a service rendered by the employee in the past and the amount can be estimated, an obligation is recognized for short term bonuses or profit sharing.

**O) PROVISIONS**

Provisions are recognized when (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

**P) SHARE CAPITAL**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

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**Q) REVENUE RECOGNITION**

The Company produces and sells corn flour, packaged tortilla and other related products such as flat bread, snacks and corn grits. The Company serves wholesale and retail markets, as well as institutional markets. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the products, the risks of loss and obsolescence have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract.

Revenue from sales is recognized based on the price specified in the contract, net of discounts, volume rebates and returns. Volume rebates are estimated, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a short-term credit.

A receivable is recognized when the products are delivered as this is the point in time that the consideration is unconditional.

The payments made to customers, which represent a modification of the transaction price, are presented as a decrease of revenue.

**R) INCOME TAXES**

The tax expense of the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized from the analysis of the balance sheet considering temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates that have been approved or substantially approved at the date of the balance sheet and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for tax loss carry-forwards not used, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In each period-end deferred income tax assets are reviewed and reduced to the extent that it is not probable that the benefits will be realized.

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Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to set off assets against liabilities and are related to income tax levied by the same tax authority on the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**S) EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, which include convertible debt and share options.

For the years ended December 31, 2022 and 2021, the Company had no dilutive instruments issued.

**T) SEGMENT INFORMATION**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity. Operating results from an operating segment are regularly reviewed by the entity's chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**4. RISK AND CAPITAL MANAGEMENT**

**A) RISK MANAGEMENT**

The Company is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), investment risk in Venezuela, credit risk and liquidity risk. The Company's risk management policy focuses on the risks that prevents or endangers the accomplishment of its financial objectives, seeking to minimize the potential adverse effects on its financial performance. The Company uses derivative financial instruments to hedge some of these risks.

**Currency risk**

The Company operates internationally and thus, is exposed to currency risks for foreign currency operations, mainly with the american dollar. Currency risks arise from commercial operations, recognized assets and liabilities and net investments in foreign subsidiaries.

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The following tables detail the exposure of the Company to currency risks at December 31, 2022 and 2021. The tables show the foreign currency exposure of the Company's financial instruments expressed in american dollars.

At December 31, 2022:

	Amounts in thousands of american dollars				
	American dollar	Pound sterling	Euros	Costa Rica colons and others	Total
Monetary assets:					
Current <sup>(1)</sup> .....	\$ 104,463	\$ 39	\$ 6,015	\$ 405	\$ 110,922
Non-current.....	2,886	-	-	-	2,886
Monetary liabilities:					
Current.....	(87,531)	(12)	(621)	(3)	(88,167)
Non-current <sup>(2)</sup> .....	(1,109,794)	-	-	-	(1,109,794)
Net position.....	<u>\$ (1,089,976)</u>	<u>\$ 27</u>	<u>\$ 5,394</u>	<u>\$ 402</u>	<u>\$ (1,084,153)</u>

At December 31, 2021:

	Amounts in thousands of american dollars				
	American dollar	Pound sterling	Euros	Costa Rica colons and others	Total
Monetary assets:					
Current <sup>(1)</sup> .....	\$ 77,809	\$ 14	\$ 2,087	\$ 388	\$ 80,298
Non-current.....	512	-	-	-	512
Monetary liabilities:					
Current.....	(99,649)	-	(339)	(34)	(100,022)
Non-current <sup>(2)</sup> .....	(874,693)	-	-	-	(874,693)
Net position.....	<u>\$ (896,021)</u>	<u>\$ 14</u>	<u>\$ 1,748</u>	<u>\$ 354</u>	<u>\$ (893,905)</u>

(1) Approximately 29% and 40% of this balance corresponds to accounts receivable for 2022 and 2021, respectively.

(2) The currency risk for debt denominated in american dollars reside in companies that are not located in the United States of America. However, this debt generates an economic hedge on the Company's investment in its subsidiaries in the United States of America (Gruma Corporation and Subsidiaries).

For the years ended December 31, 2022 and 2021, the effects of exchange rate differences on the Company's monetary assets and liabilities were recognized as follows:

	2022	2021
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investment in foreign subsidiaries, recorded directly to equity as an effect of foreign currency translation adjustments (Note 19-C).....	\$ 65,501	\$ (19,576)
Exchange differences, net, arising from foreign currency transactions recognized in the income statement (Note 24).....	(1,592)	(2,111)
	<u>\$ 63,909</u>	<u>\$ (21,687)</u>

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Considering that GRUMA's functional currency is the Mexican peso, the exposure related to monetary assets and liabilities in foreign currency as of December 31, 2022 and 2021, and assuming an increase or decrease of 10% in the Peso/U.S. dollar exchange rates while keeping constant the rest of the variables such as interest rates, the effect after taxes in the Company's consolidated results will be an increase or a decrease of \$638 and \$2,929, respectively.

**Interest rate risk**

The variations in interest rates could affect the cash flow and interest expense of financial liabilities bearing variable interest rates and could also modify the fair value of financial liabilities bearing fixed interest rates.

For the Company, interest rate risk is mainly derived from debt financing transactions, including debt securities, bank and vendor credit facilities and leases. These financing transactions generate exposure to interest rate risk, principally due to changes in relevant base rates (mainly, LIBOR, SOFR and TIEE) that are used to determine the interest rates applicable to the borrowings.

At a global level, a reform of reference interest rates is being carried out, including the replacement of certain interbank reference rates (IBOR) with alternative rates reference close to being risk-free. From December 2021, the authority that regulates the London interbank rate (LIBOR) began the elimination of some of its rate terms. Additionally, starting 2022 the main banking institutions have begun to provide new financing at variable rate only based on SOFR rates.

Currently, the Company's Treasury manages the transition plan for IBOR rates. The main change for the Company is the modification of the contractual terms of the variable rate debt referenced to the LIBOR rate (See Note 14). The Treasury is working with the applicable financial institutions to document amending agreements to establish the migration of LIBOR rates to SOFR in line with market practices for the existing contracts. Likewise, the new financing and credit lines with variable rates contracted during 2022 have already been negotiated with interest rates based on SOFR.

The amendments in phase 2 considered in the Amendments to IFRS 9, address the issues that arise during the implementation of the benchmark interest rate reform, included in the practical expedient to allow contractual changes that are directly required by the reform and the new base are economically equivalents to the previous base, are treated with prospective effects without immediately impacting the results.

The following table shows, at December 31, 2022 and 2021, the Company's debt at fixed and variable rates:

	<b>Amounts in thousands of american dollars</b>	
	<b>2022</b>	<b>2021</b>
Debt at fixed interest rate.....	\$ 793,324	\$ 946,970
Debt at variable interest rate.....	815,252	241,404
Total.....	\$ 1,608,576	\$ 1,188,374

For variable rate debt, an increase in interest rates will increase interest expense. A hypothetical increase of 100 basis points in interest rates on debt at December 31, 2022 and 2021 will have an effect on the results of the Company of \$8,153 and \$2,414, respectively, considering debt and interest rates at that date, and assuming that the rest of the variables remain constant.

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**Commodity price risk**

The availability and price of corn, wheat and other agricultural commodities and fuels, are subject to wide fluctuations due to factors outside of the Company's control, such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in global demand and supply due to population growth and global production of similar and competitive crops, as well as fuels.

The Company hedges a portion of its production requirements through commodity futures, swaps and options contracts in order to reduce the risk created by price fluctuations and supply of corn, wheat, natural gas, and soy oils which exist as part of ongoing business operations (see Note 20-C). The contracting hedges of purchases that exceed the maximum production requirements for a period longer than 18 months, requires the authorization of the Board of Directors in accordance with the Company's corporate policies.

**Credit risk**

The Company's regular operations expose it to defaults when customers and counterparties are unable to comply with their financial commitments. The Company seeks to mitigate this risk by entering into transactions with a diverse pool of counterparties. However, the Company continues to remain subject to unexpected third party financial failures that could disrupt its operations.

The Company is also exposed to risks in connection with its activities of cash management and obtaining debt and temporary investments, and any disruption that affects its financial intermediaries could also adversely affect its operations.

The Company's exposure to risk due to trade receivables is limited given the large number of its customers located in different parts of Mexico, the United States, Central America, Europe, Asia and Oceania. For this reason, there is not a significant concentration of credit risk. However, the Company still maintains allowances for doubtful accounts. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Since most of the clients do not have an independent rating of credit quality, the Company's management determines the maximum credit risk for each one, considering its financial position, past experience, and other factors. Credit limits are established according with the policies set by the Company, which also includes controls that assure its compliance.

Default results when the counterparties do not make their contractual payments within the agreed period.

During 2022 and 2021, the established credit limits were met and, consequently, management does not expect any important losses from trade accounts receivable.

Cash and cash equivalents are invested in highly liquid investments, with non-trading purposes and low risk, mainly in government repos, bank repos and directly with financial institutions of recognized prestige, and receivable in the short term. The Company do not invest in stock markets.

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The Company faces credit risk from potential defaults of their counterparts with respect to the derivative financial instruments used. Substantially none of these financial instruments are guaranteed. Additionally, when the Company enters into hedge contracts for exchange rates, interest rates and/or commodities, it minimizes the risk of default by the counterparts by contracting derivative financial instruments only with major national and international financial institutions using contracts and standard forms issued by the *International Swaps and Derivatives Association, Inc.* ("ISDA") and operations standard confirmation formats.

**Investment risk in Venezuela**

The recent political and civil instability that has prevailed in Venezuela has represented a risk to the Company's investment in this country. The Company does not have insurance for the risk of expropriation of its investments. See Notes 27 and 28 for additional information.

**Liquidity risk**

The Company funds its liquidity and capital resource requirements through a variety of sources, including:

- cash generated from operations;
- committed and uncommitted short-term and long-term lines of credit;
- medium- and long-term debt contracting;
- offerings in Bond markets; and
- sales of its equity securities and those of its subsidiaries and affiliates from time to time.

Factors that could decrease the sources of liquidity include a significant decrease in the demand for, or price of, our products, or a considerable increase in the cost of raw materials, which could limit the amount of cash generated from operations. The Company's liquidity is also affected partially by factors such as the volatility of currencies, changes in interest rates, and a decrease of the corporate credit rating, which could further impair the liquidity and increase costs with respect to new debt and cause a negative impact in stock price.

The following tables show the remaining contractual maturities of financial liabilities of the Company:

At December 31, 2022:

	<u>Less than a year</u>	<u>From 1 to 3 years</u>	<u>From 3 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Short and long term debt.....	\$ 146,971	\$ 671,117	\$ 692,089	\$ 103,338	\$ 1,613,515
Interest payable from short and long term debt.....	84,174	145,443	82,766	2,615	314,998
Trade accounts and other payables.....	771,552	-	-	-	771,552
Short and long term lease liability.....	60,379	110,119	72,121	283,485	526,104
Derivative financial instruments(*).....	34,731	-	-	-	34,371
	<u>\$ 1,097,807</u>	<u>\$ 926,679</u>	<u>\$ 846,976</u>	<u>\$ 389,438</u>	<u>\$ 3,260,900</u>

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(\*) As of December 31, 2022 in the Consolidated statement of financial position, the financial liability recognized for futures contracts is presented offset with the amount of margin calls required to the Company on this contracts for an amount of \$27,560.

At December 31, 2021:

	<u>Less than a year</u>	<u>From 1 to 3 years</u>	<u>From 3 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Short and long term debt.....	\$ 54,679	\$ 569,995	\$ 470,415	\$ 97,215	\$ 1,192,304
Interest payable from short and long term debt.....	49,679	79,690	23,650	9,280	162,299
Trade accounts and other payables.....	695,764	-	-	-	695,764
Short and long term lease liability.....	47,374	89,221	58,641	288,434	483,670
Derivative financial instruments.....	4,650	358	-	-	5,008
	<u>\$ 852,146</u>	<u>\$ 739,264</u>	<u>\$ 552,706</u>	<u>\$ 394,929</u>	<u>\$ 2,539,045</u>

The Company expects to meet its obligations with cash flows generated by operations. Additionally, the Company has access to credit line agreements with various banks to address potential cash needs.

**B) CAPITAL MANAGEMENT**

The Company's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) are to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk, to protect the Company's ability to continue as a going concern while taking advantage of strategic opportunities to provide sustainable returns for shareholders.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics, or sell assets to reduce debt.

In addition, to monitor capital, debt agreements contain financial covenants which are disclosed in Note 14.

**5. SEGMENT INFORMATION**

The Company's reportable segments are strategic business units that offer different products in different geographical regions. These business units are managed separately because each business segment requires different technology and marketing strategies.



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The Company's reportable segments are as follows:

- **Corn flour and packaged tortilla division (United States):**  
Manufactures and distributes more than 20 varieties of corn flour that are used mainly to produce and distribute different types of tortillas and tortilla chip products in the United States. The main brands are MASECA for corn flour and MISSION and GUERRERO for packaged tortillas.
- **Corn flour division (Mexico):**  
Engaged principally in the production, distribution and sale of corn flour in Mexico under MASECA brand. Corn flour produced by this division is used mainly in the preparation of tortillas and other related products.
- **Corn flour and packaged tortilla and other (Europe):**  
Manufactures and distributes varieties of flour that are used to produce different types of tortillas, flat breads, grits and other in the same category in Europe. The main brands are MASECA for corn flour and MISSION for packaged products.
- **Other segments:**  
This section represents those segments whose amounts on an individual basis do not exceed 10% of the consolidated total of net sales, operating income and assets. These segments are:
  - a) Corn flour, hearts of palm, rice, and other products (Central America).
  - b) Packaged tortillas (Mexico).
  - c) Wheat flour tortillas and snacks (Asia and Oceania).
  - d) Technology and equipment, which conducts research and development regarding flour and tortilla manufacturing equipment, produces machinery for corn flour and tortilla production and is engaged in the construction of the Company's corn flour manufacturing facilities.
  - e) Balanced feed for livestock (Mexico)

All inter-segment sales prices are market-based. The Chief Executive Officer evaluates performance based on operating income of the respective business units. The accounting policies for the reportable segments are the same as the policies described in Notes 2 and 3.

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Segment information as of and for the year ended December 31, 2022 and the year ended in that period:

	<b>Corn flour and packaged tortilla division (United States)</b>	<b>Corn flour division (Mexico)</b>	<b>Corn flour and packaged tortilla division (Europe)</b>	<b>Other segments</b>	<b>Eliminations and corporate expenses</b>	<b>Total</b>
Net sales to external customers.....	\$ 3,190,405	\$ 1,321,559	\$ 420,195	\$ 664,462	\$ -	\$ 5,596,621
Inter-segment net sales.....	6,317	150,033	588	160,786	(317,724)	-
Operating income.....	440,935	115,633	8,529	35,764	9,282	610,143
Depreciation and amortization.....	125,681	60,484	13,934	30,535	(34,076)	196,558
Total assets.....	1,918,446	1,227,622	526,385	839,098	(124,895)	4,386,656
Total liabilities.....	749,080	317,210	173,062	179,897	1,533,822	2,953,071
Expenditures paid in the year for fixed assets....	156,400	48,861	13,146	81,512	(2,404)	297,515

Segment information as of and for the year ended December 31, 2021 and the year ended in that period:

	<b>Corn flour and packaged tortilla division (United States)</b>	<b>Corn flour division (Mexico)</b>	<b>Corn flour and packaged tortilla division (Europe)</b>	<b>Other segments</b>	<b>Eliminations and corporate expenses</b>	<b>Total</b>
Net sales to external customers.....	\$ 2,592,686	\$ 1,104,507	\$ 333,962	\$ 591,410	\$ 1,006	\$ 4,623,571
Inter-segment net sales.....	4,623	120,877	624	122,373	(248,497)	-
Operating income.....	368,898	114,642	27,814	32,169	10,202	553,725
Depreciation and amortization.....	112,587	56,855	13,316	29,788	(33,196)	179,350
Total assets.....	1,655,463	1,113,524	516,875	753,475	(212,214)	3,827,123
Total liabilities.....	624,186	288,821	167,229	173,775	1,136,891	2,390,902
Expenditures paid in the year for fixed assets....	151,668	49,339	46,161	39,465	(152)	286,481

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A summary of information by geographic segment for the years ended December 31, 2022 and 2021 is presented below:

	<u>2022</u>	<u>%</u>	<u>2021</u>	<u>%</u>
<u>Net sales to external customers:</u>				
United States.....	\$ 3,190,405	57	\$ 2,592,686	56
Mexico.....	1,421,937	25	1,192,566	26
Europe.....	420,195	8	333,962	7
Central America.....	322,617	6	264,107	6
Asia and Oceania.....	241,467	4	240,250	5
	<u>\$ 5,596,621</u>	<u>100</u>	<u>\$ 4,623,571</u>	<u>100</u>
<u>Expenditures paid in the year for fixed assets:</u>				
United States.....	\$ 156,400	53	\$ 151,668	53
Mexico.....	101,317	34	69,546	24
Europe.....	13,146	4	46,161	16
Central America.....	7,946	3	5,312	2
Asia and Oceania.....	18,706	6	13,794	5
	<u>\$ 297,515</u>	<u>100</u>	<u>\$ 286,481</u>	<u>100</u>
<u>Identifiable assets</u>				
United States.....	\$ 1,918,446	44	\$ 1,655,463	43
Mexico.....	1,463,375	33	1,197,341	31
Europe.....	526,385	12	516,875	14
Central America.....	191,062	4	158,044	4
Asia and Oceania.....	287,388	7	299,400	8
	<u>\$ 4,386,656</u>	<u>100</u>	<u>\$ 3,827,123</u>	<u>100</u>

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

	<u>At December 31, 2022</u>	<u>At December 31, 2021</u>
Cash at bank.....	\$ 280,145	\$ 244,863
Short-term investments (less than 3 months).....	3,719	10,105
	<u>\$ 283,864</u>	<u>\$ 254,968</u>

## 7. ACCOUNTS RECEIVABLE

Accounts receivable comprised the following:

	<u>At December 31, 2022</u>	<u>At December 31, 2021</u>
Trade accounts and notes receivable.....	\$ 555,872	\$ 448,405
Accounts receivable with Venezuelan companies.....	5,145	5,145
Recoverable value-added tax.....	72,252	60,887
Other debtors.....	18,895	9,923
Allowance for doubtful accounts.....	(10,280)	(8,937)
Impairment of accounts receivable with Venezuelan companies.....	(5,145)	(5,145)
	<u>\$ 636,739</u>	<u>\$ 510,278</u>

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The age analysis of accounts receivable is as follows:

	<b>Total</b>	<b>Not past due date balances</b>	<b>Past due balances</b>		
			<b>1 to 120 days</b>	<b>121 to 240 days</b>	<b>More than 240 days (*)</b>
Accounts receivable.....	\$ 574,767	\$ 465,023	\$ 96,119	\$ 1,774	\$ 11,851
Allowance for doubtful accounts..	(10,280)	(2,306)	(1,245)	(696)	(6,033)
Total at December 31, 2022.....	<u>\$ 564,487</u>	<u>\$ 462,717</u>	<u>\$ 94,874</u>	<u>\$ 1,078</u>	<u>\$ 5,818</u>

	<b>Total</b>	<b>Not past due date balances</b>	<b>Past due balances</b>		
			<b>1 to 120 days</b>	<b>121 to 240 days</b>	<b>More than 240 days (*)</b>
Accounts receivable.....	\$ 458,328	\$ 337,955	\$ 108,840	\$ 1,751	\$ 9,782
Allowance for doubtful accounts..	(8,937)	(1,301)	(1,320)	(463)	(5,853)
Total at December 31, 2021.....	<u>\$ 449,391</u>	<u>\$ 336,654</u>	<u>\$ 107,520</u>	<u>\$ 1,288</u>	<u>\$ 3,929</u>

(\*) Accounts receivable with Venezuelan companies refer to discontinued operations and were not included in the age analysis of accounts receivable for 2022 and 2021.

For the years ended December 31, 2022 and 2021, the movements on the current and non-current allowance for doubtful accounts (Note 9) are as follows:

	<b>2022</b>	<b>2021</b>
Beginning balance .....	\$ (9,659)	\$ (14,506)
Allowance for doubtful accounts.....	(3,716)	(2,178)
Receivables written off during the year.....	2,441	6,780
Cumulative translation adjustments.....	(331)	245
Ending balance.....	<u>\$ (11,265)</u>	<u>\$ (9,659)</u>

## 8. INVENTORIES

Inventories consisted of the following:

	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Raw materials, mainly corn and wheat.....	\$ 647,487	\$ 449,442
Finished products.....	121,410	111,667
Materials and spare parts.....	175,129	137,760
Production in process.....	14,573	9,813
Advances to suppliers.....	3,028	5,213
Inventory in transit.....	8,189	9,977
	<u>\$ 969,816</u>	<u>\$ 723,872</u>

For the years ended December 31, 2022 and 2021, the cost of raw materials consumed and the changes in the inventories of production in process and finished goods, recognized as cost of sales amounted to \$1,923,043 and \$1,783,221, respectively.

For the years ended December 31, 2022 and 2021, the Company recognized \$12,420 and \$8,383, respectively, for inventory that was damaged, slow-moving and obsolete.

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**9. LONG-TERM NOTES AND ACCOUNTS RECEIVABLE**

Long-term notes and accounts receivable are as follows:

	<u>At December 31, 2022</u>	<u>At December 31, 2021</u>
Long-term notes receivable.....	\$ 7,712	\$ 6,743
Guarantee deposits.....	7,123	4,543
Long-term recoverable value-added tax.....	-	696
Other.....	327	315
Allowance for long-term doubtful accounts.....	(985)	(722)
	<u>\$ 14,177</u>	<u>\$ 11,575</u>

At December 31, 2022 and 2021, long-term notes receivable are denominated in pesos, maturing from 2024 to 2032 and bearing monthly interests at an annual average fixed rate of 16% for 2022 and 2021.

**10. PROPERTY, PLANT AND EQUIPMENT**

Changes in property, plant and equipment for the years ended December 31, 2022 and 2021 were as follows:

	<u>Land and buildings</u>	<u>Machinery and equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
<b>At December 31, 2020</b>					
Cost.....	\$ 618,273	\$ 2,167,530	\$ 188,708	\$ 147,902	\$ 3,122,413
Accumulated depreciation.....	(217,104)	(1,273,843)	(75,273)	-	(1,566,220)
Net book value.....	<u>401,169</u>	<u>893,687</u>	<u>113,435</u>	<u>147,902</u>	<u>1,556,193</u>
<b>For the year ended December 31, 2021</b>					
Opening net book value...	401,169	893,687	113,435	147,902	1,556,193
Exchange differences.....	(9,880)	(18,688)	(457)	(1,145)	(30,170)
Additions.....	1,754	55,510	57	223,482	280,803
Disposals/derecognition (Note 22).....	(14,220)	(13,060)	(983)	(295)	(28,558)
Depreciation charge of the year.....	(13,765)	(108,675)	(6,233)	-	(128,673)
Transfers.....	77,767	134,574	1,445	(213,786)	-
Assets leased, net of depreciation.....	-	5,678	-	-	5,678
Other .....	-	(4,779)	(301)	(193)	(5,273)
Impairment.....	-	(2,319)	-	-	(2,319)
Closing net book value...	<u>442,825</u>	<u>941,928</u>	<u>106,963</u>	<u>155,965</u>	<u>1,647,681</u>
<b>At December 31, 2021</b>					
Cost.....	667,668	2,262,674	183,777	155,965	3,270,084
Accumulated depreciation.....	(224,843)	(1,320,746)	(76,814)	-	(1,622,403)
Net book value.....	<u>442,825</u>	<u>941,928</u>	<u>106,963</u>	<u>155,965</u>	<u>1,647,681</u>

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	<u>Land and buildings</u>	<u>Machinery and equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
<b>For the year ended</b>					
<b>December 31, 2022</b>					
Opening net book value...	442,825	941,928	106,963	155,965	1,647,681
Exchange differences.....	4,688	9,868	734	1,344	16,634
Additions.....	40,779	57,089	56	193,031	290,955
Disposals/derecognition (Note 22).....	(56)	(2,239)	-	(358)	(2,653)
Depreciation charge of the year.....	(14,494)	(120,052)	(6,913)	-	(141,459)
Transfers.....	5,481	43,661	778	(49,920)	-
Assets leased, net of depreciation.....	-	6,560	-	-	6,560
Other.....	11,639	(8,103)	5,504	(4,799)	4,241
Impairment .....	-	(144)	-	-	(144)
Closing net book value...	<u>490,862</u>	<u>928,568</u>	<u>107,122</u>	<u>295,263</u>	<u>1,821,815</u>
<b>At December 31, 2022</b>					
Cost.....	735,763	2,343,523	190,918	295,263	3,565,467
Accumulated depreciation.....	<u>(244,901)</u>	<u>(1,414,955)</u>	<u>(83,796)</u>	<u>-</u>	<u>(1,743,652)</u>
Net book value.....	<u>\$ 490,862</u>	<u>\$ 928,568</u>	<u>\$ 107,122</u>	<u>\$ 295,263</u>	<u>\$ 1,821,815</u>

For the years ended December 31, 2022 and 2021, depreciation expense was recognized as follows:

	<u>2022</u>	<u>2021</u>
Cost of sales.....	\$ 110,493	\$ 103,070
Selling and administrative expenses.....	30,966	25,603
	<u>\$ 141,459</u>	<u>\$ 128,673</u>

At December 31, 2022 and 2021, property, plant and equipment included idle assets with a carrying value of approximately \$3,077 and \$2,975, respectively, resulting from the temporary shut-down of the productive operations of various plants in Mexico, mainly in the corn flour division.

For the year ended December 31, 2022 and 2021, the Company recognized impairment losses from fixed assets of \$144 and \$2,319, respectively, in other (expenses) income, net.

The impairment loss for 2022 corresponds to the subsidiary Grupo Industrial Maseca. S.A. de C. V. and subsidiaries, which is within the Corn flour México segment and the impairment loss in 2021 correspond to the subsidiary Gruma Corp, which is within the Corn flour and packaged tortilla (United States) segment.

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**11. LEASES**

Leases information where the Company acts as a lessee is as follows.

**A) AMOUNTS RECOGNIZED IN THE BALANCE SHEET**

As of December 31, 2022 and 2021, the consolidated balance sheet presents the following amounts related to leases:

	<u>At December 31, 2022</u>	<u>At December 31, 2021</u>
<b>Right-of-use assets:</b>		
Land.....	\$ 106	\$ 27
Buildings.....	301,798	267,604
Machinery and equipment.....	31,285	21,661
	<u>\$ 333,189</u>	<u>\$ 289,292</u>
<b>Lease liabilities:</b>		
Short term.....	\$ 49,107	\$ 37,538
Long term.....	318,305	281,542
	<u>\$ 367,412</u>	<u>\$ 319,080</u>

The additions to right-of-use assets in 2022 and 2021 are \$115,369 and \$56,309, respectively.

The following table presents the changes in the Company's lease liabilities:

	<u>2022</u>	<u>2021</u>
Beginning balance.....	\$ 319,080	\$ 334,842
New contracts.....	115,369	56,309
Lease payments.....	(62,269)	(60,220)
Foreign currency exchange effect.....	(1,281)	560
Financia expenses.....	16,786	16,290
Full or partial termination of contracts <sup>(a,b)</sup> .....	(23,673)	(27,272)
Cumulative translation adjustments.....	3,400	(1,429)
Ending balance.....	<u>\$ 367,412</u>	<u>\$ 319,080</u>

(a) During fiscal year 2022, a cancellation of a lease contract liability is included for an amount of \$16,647 due to the Company acquired the property originally leased. The Company made this purchase of the property for an amount of \$35,000. This cancellation of the lease did not generate penalties for the Company.

(b) During fiscal year 2021, a cancellation of a lease contract liability is included for an amount of \$19,197 due to the Company exercised the purchase option in the lease contract to acquire the property originally leased. The Company made this purchase of the property for an amount of \$45,013. This cancellation of the lease did not generate penalties for the Company.

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**B) AMOUNTS RECOGNIZED IN THE INCOME STATEMENT**

For the years ended December 31, 2022 and 2021, the consolidated income statement presents the following amounts related to leases:

	2022	2021
Depreciation expense of the right-of-use assets:		
Land.....	\$ 163	\$ 43
Buildings.....	41,877	37,636
Machinery and equipment.....	12,181	11,327
	\$ 54,221	\$ 49,006
Interest expense.....	\$ 16,786	\$ 16,290
(Gain) loss for foreign currency Exchange effect.....	(1,281)	560
Short-term lease expense.....	26,055	21,764
Lease expense for low value assets .....	2,851	2,712
Expenses related to variable lease payments not included in the lease liability.....	17	33

Total cash flow from leases for the years ended December 31, 2022 and 2021 amounted to \$91,192 and \$84,729, respectively.

**C) DESCRIPTION OF LEASE ACTIVITIES**

The Company, as a lessee, enters into various lease contracts related to facilities and equipment. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Lease agreements do not impose compliance with any financial ratios. Leased assets cannot be sold or used as collateral to obtain debt.

**D) VARIABLE LEASE PAYMENTS**

Certain lease agreements contain terms of variable payments that depend on a price index, so the rent payable is modified during the term of the lease. Possible future increases in variable lease payments are considered as part of the lease liability until effective; at that time, the lease liability is reassessed, and the right-of-use asset is adjusted.



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**12. INTANGIBLE ASSETS**

Changes in intangible assets for the years ended December 31, 2022 and 2021 were as follows:

	Intangible assets acquired					Total
	Goodwill	Covenants not to compete	Patents and trade- marks	Customer lists	Software for internal use and other	
<b>At December 31, 2020</b>						
Cost.....	\$ 173,784	\$ 23,473	\$ 8,530	\$ 13,924	\$ 35,601	\$ 255,312
Accumulated amortization.....	-	(23,124)	(4,308)	(9,319)	(20,423)	(57,174)
Net book value.....	<u>173,784</u>	<u>349</u>	<u>4,222</u>	<u>4,605</u>	<u>15,178</u>	<u>198,138</u>
<b>For the year ended December 31, 2021</b>						
Opening net book value...	173,784	349	4,222	4,605	15,178	198,138
Exchange differences.....	(7,013)	(56)	(1,095)	399	(566)	(8,331)
Additions.....	146	-	-	3	6,066	6,215
Amortization charge.....	-	(293)	-	(938)	(597)	(1,828)
Impairment.....	(146)	-	-	-	-	(146)
Closing net book value...	<u>166,771</u>	<u>-</u>	<u>3,127</u>	<u>4,069</u>	<u>20,081</u>	<u>194,048</u>
<b>At December 31, 2021</b>						
Cost.....	166,771	22,781	8,226	13,202	40,382	251,362
Accumulated amortization.....	-	(22,781)	(5,099)	(9,133)	(20,301)	(57,314)
Net book value.....	<u>166,771</u>	<u>-</u>	<u>3,127</u>	<u>4,069</u>	<u>20,081</u>	<u>194,048</u>
<b>For the year ended December 31, 2022</b>						
Opening net book value...	166,771	-	3,127	4,069	20,081	194,048
Exchange differences.....	(2,712)	-	(171)	(212)	592	(2,503)
Additions.....	-	-	-	-	654	654
Amortization charge.....	-	-	(72)	(637)	(471)	(1,180)
Impairment.....	(2,003)	-	-	-	-	(2,003)
Closing net book value...	<u>162,056</u>	<u>-</u>	<u>2,884</u>	<u>3,220</u>	<u>20,856</u>	<u>189,016</u>
<b>At December 31, 2022</b>						
Cost.....	162,056	23,105	4,843	8,623	37,739	236,366
Accumulated amortization.....	-	(23,105)	(1,959)	(5,403)	(16,883)	(47,350)
Net book value.....	<u>\$ 162,056</u>	<u>\$ -</u>	<u>\$ 2,884</u>	<u>\$ 3,220</u>	<u>\$ 20,856</u>	<u>\$ 189,016</u>

At December 31, 2022 and 2021, only trademarks and goodwill, are considered indefinite-lived intangible assets.

For the years ended December 31, 2022 and 2021, amortization expense was recognized as follows:

	2022	2021
Selling and administrative expenses.....	\$ 878	\$ 1,670
Financial expenses.....	302	158
	<u>\$ 1,180</u>	<u>\$ 1,828</u>

Research and development costs of \$10,001 and \$7,602 that did not qualify for capitalization were recognized in the income statement for the years ended December 31, 2022 and 2021, respectively.

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Goodwill acquired in business combinations is allocated at acquisition date to the cash-generating units (CGU) that are expected to benefit from the synergies of the business combinations. The carrying values of goodwill allocated to the CGU or a group of CGU are as follows:

<u>Cash-generating unit</u>	<u>At December 31, 2022</u>	<u>At December 31, 2021</u>
Mission Foods Division (1).....	\$ 60,451	\$ 60,451
Gruma Spain (2).....	37,535	39,691
Gruma UK (2).....	5,135	5,430
Azteca Milling, L.P (1).....	12,030	12,030
Gruma Corporation.....	10,989	10,337
Rositas Investments Pty, Ltd (2).....	10,049	10,687
NDF Azteca Milling Europe SRL (2).....	6,044	6,521
Grupo Industrial Maseca, S.A. de C.V.....	5,094	4,791
Semolina, A.S (2).....	1,335	1,928
Agroindustrias Integradas del Norte, S.A. de C.V (3).....	4,459	4,194
Gruma Centroamérica (2).....	2,488	2,488
Soltse Mexico (2).....	2,311	2,186
Altera LLC (2).....	-	2,144
Molinos Azteca de Chiapas, S.A. de C.V (3).....	1,454	1,368
Harinera de Yucatán, S.A. de C.V (3).....	975	918
Harinera de Maíz de Mexicali, S.A. de C.V (3).....	900	847
Molinos Azteca, S.A. de C.V (3).....	461	434
Harinera de Maíz de Jalisco, S.A. de C.V (3).....	346	326
	<u>\$ 162,056</u>	<u>\$ 166,771</u>

- (1) Subsidiary of Gruma Corporation  
(2) Subsidiary of Gruma International Foods, S.L.  
(3) Subsidiary of Grupo Industrial Maseca, S.A. de C.V.

On March 2022, the Company recognized a non-monetary charge in the operating results, in “other (expenses) income, net” of \$2,003 due to the goodwill impairment associated with the business segment of "Altera, LLC" located in Ukraine and associated with the European corn flour and packaged tortilla business segment. (See Note 30).

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In 2022 and 2021, the discount rates and growth rates used by the Company to determine the discounted cash flows of the CGU are the following:

<b>Cash-generating unit</b>	<b>After-tax discount rates</b>		<b>Growth rates</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Mission Foods Division.....	4.6%	2.6%	1.8%	1.9%
Gruma Spain.....	7.9%	5.1%	2.3%	2.5%
Gruma UK.....	6.9%	4.4%	1.6%	2.4%
Azteca Milling, L.P.....	6.0%	3.9%	1.8%	1.9%
Gruma Corporation.....	4.6%	2.6%	1.8%	1.9%
Rositas Investment PTY, LTD.....	5.9%	3.8%	2.4%	2.4%
NDF Azteca Milling Europe SRL.....	8.6%	5.5%	1.1%	1.5%
Grupo Industrial Maseca, S.A. de C.V.....	6.7%	4.5%	2.1%	2.2%
Semolina A.S.....	11.6%	8.7%	1.3%	3.6%
Agroindustrias Integradas del Norte, S.A. de C.V.	8.1%	5.9%	2.1%	2.2%
Gruma Centroamérica.....	17.5%	8.0%	3.2%	3.2%
Solntse Mexico.....	14.4%	5.5%	0.3%	2.3%
Alterra LLC.....	26.3%	8.8%	3.8%	3.7%
Molinos Azteca de Chiapas, S.A. de C.V.....	8.1%	5.8%	2.1%	2.2%
Harinera de Yucatán, S.A. de C.V.....	8.1%	5.8%	2.1%	2.2%
Harinera de Maíz de Mexicali, S.A. de C.V.....	8.1%	5.8%	2.1%	2.2%
Molinos Azteca, S.A. de C.V.....	8.1%	5.8%	2.1%	2.2%
Harinera de Maíz de Jalisco, S.A. de C.V.....	8.1%	5.8%	2.1%	2.2%

The discount rate used reflects the Company's specific risks related to its operations. The long-term growth rate used is consistent with projections included in industry reports.

With respect to the determination of the CGU's value in use, the Company's management considered that a possible change of an increase of 100 basis points in the discount rate after taxes and a decrease of 10% in the long-term growth rates, in independent analysis, will not cause that the CGU's carrying value to materially exceed their value in use and separately. The recovery amount of cash-generating units has been determined based on calculations of the values in use. These calculations use cash flow projections based on financial budgets approved by the Company's management for a 5-year period.

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**13. DEFERRED TAX ASSETS AND LIABILITIES**

**A) COMPONENTS OF DEFERRED TAX**

The principal components of deferred tax assets and liabilities are summarized as follows:

	(Asset) Liability	
	At December 31, 2022	At December 31, 2021
Net operating loss carryforwards and other tax credits.....	\$ (74,610)	\$ (96,079)
Lease liability.....	(94,415)	(83,258)
Customer advances.....	-	(7)
Allowance for doubtful accounts.....	(685)	(605)
Liability provisions and employee benefits obligations.....	(55,407)	(50,480)
Prepayment for trademarks license with affiliates.....	(6,241)	(16,514)
Intangible assets, net and others.....	(5,361)	-
Derivative financial instruments.....	(22,188)	-
Other.....	(1,605)	(981)
Deferred tax asset.....	<u>(260,512)</u>	<u>(247,924)</u>
Property, plant and equipment, net.....	62,704	71,266
Right-of-use asset, net.....	85,548	75,882
Prepaid expenses.....	1,249	1,506
Customer advance.....	31	-
Intangible assets, net and others.....	-	175
Investment in subsidiaries.....	79,945	64,305
Derivative financial instruments.....	-	11,424
Other.....	301	283
Deferred tax liability.....	<u>229,778</u>	<u>224,841</u>
Net provision for deferred tax.....	<u>\$ (30,734)</u>	<u>\$ (23,083)</u>

At December 31, 2022 and 2021, the Company did not recognize a deferred income tax asset of \$27,010 and \$25,452, respectively, from the tax losses of its subsidiaries in Mexico, since sufficient evidence was not available to determine that these tax loss carryforwards will be realized during their amortization period. These tax losses expire in the year 2032. Additionally, as of December 31, 2022 and 2021, the Company did not recognize from its foreign subsidiaries a deferred tax asset derived from its tax losses of \$27,126 and \$28,684, respectively.

At December 31, 2022 and 2021, the undistributed taxable income of subsidiaries in México amounted to \$181,470 and \$251,266, respectively. No deferred income tax has been recognized for this undistributed taxable income, since the Company has the ability to control the time for its reversal and it is probable that in the near future these temporary differences will not reverse. If the Company had not chosen this option, the deferred tax liability of these items would have amounted to \$54,441 and \$75,380 of December 31, 2022 and 2021, respectively.

At December 31, 2022 and 2021, the Company recognized a deferred income tax liability of \$79,945 and \$64,305, respectively, from undistributed taxable income generated as of 2018 by the Company's subsidiaries in the United States (Gruma Corporation and subsidiaries) at a reduced rate for the effects of tax credits generated by the distributed profits. The reversal of this tax amount is made at the moment in which the subsidiaries distribute such profits to the Company through dividends.

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The changes in the temporary differences during the year were as follows:

	Balance at January 1, 2022	Recogni- zed in income	Recognized in other compre- hensive income	Reclassifi- cations	Cumulative translation adjustments	Balance at December 31, 2022
Net operating loss carryforwards and other tax credits.....	\$ (96,079)	\$ 11,776	\$ 13,756	\$ -	\$ (4,063)	\$ (74,610)
Lease liability.....	(83,258)	(9,272)	-	-	(1,885)	(94,415)
Customer advances.....	(7)	36	-	(31)	2	-
Allowance for doubtful accounts..	(605)	(39)	-	-	(41)	(685)
Liability provisions and employee benefits obligations.....	(50,480)	(6,635)	240	3,931	(2,463)	(55,407)
Prepayment for trademarks license with affiliates.....	(16,514)	10,061	(102)	-	314	(6,241)
Intangible assets and others.....	-	-	-	(5,361)	-	(5,361)
Derivative financial instruments..	-	-	-	(22,188)	-	(22,188)
Others.....	(981)	(574)	(19)	-	(31)	(1,605)
Deferred tax asset.....	<u>(247,924)</u>	<u>5,353</u>	<u>13,875</u>	<u>(23,649)</u>	<u>(8,167)</u>	<u>(260,512)</u>
Property, plant and equipment...	71,266	(5,079)	-	(3,922)	439	62,704
Right-of-use asset.....	75,882	7,977	-	-	1,689	85,548
Prepaid expenses.....	1,506	(326)	-	2	67	1,249
Customer advance.....	-	-	-	31	-	31
Intangible assets.....	175	(4,761)	-	5,358	(772)	-
Investment in subsidiaries.....	64,305	13,552	(2,855)	-	4,943	79,945
Derivative financial instruments.	11,424	(4,441)	(29,325)	22,188	154	-
Others.....	283	-	-	(1)	19	301
Deferred tax liability.....	<u>224,841</u>	<u>6,922</u>	<u>(32,180)</u>	<u>23,656</u>	<u>6,539</u>	<u>229,778</u>
Net provision for deferred taxes	<u>\$ (23,083)</u>	<u>\$ 12,275</u>	<u>\$ (18,305)</u>	<u>\$ 7</u>	<u>\$ (1,628)</u>	<u>\$ (30,734)</u>

  

	Balance at January 1, 2021	Recogni- zed in income	Recognized in other compre- hensive income	Reclassifi- cations	Cumulative translation adjustments	Balance at December 31, 2021
Net operating loss carryforwards and other tax credits.....	\$ (115,588)	\$ 21,900	\$ (9,654)	\$ 3,913	\$ 3,350	\$ (96,079)
Lease liability.....	(87,619)	3,820	-	-	541	(83,258)
Customer advances.....	(96)	87	-	-	2	(7)
Allowance for doubtful accounts..	(437)	(179)	-	-	11	(605)
Liability provisions and employee benefits obligations.....	(51,344)	(1,083)	259	994	694	(50,480)
Prepayment of trademarks license with affiliates.....	(26,155)	9,877	(964)	-	728	(16,514)
Others.....	<u>(7,188)</u>	<u>(466)</u>	<u>-</u>	<u>6,727</u>	<u>(54)</u>	<u>(981)</u>
Deferred tax asset.....	<u>(288,427)</u>	<u>33,956</u>	<u>(10,359)</u>	<u>11,634</u>	<u>5,272</u>	<u>(247,924)</u>
Property, plant and equipment...	73,252	1,213	-	(3,764)	565	71,266
Right-of-use asset.....	80,743	(4,285)	-	-	(576)	75,882
Prepaid expenses.....	763	780	-	(6)	(31)	1,506
Intangible assets.....	9,944	(4,745)	-	(4,968)	(56)	175
Investment in subsidiaries.....	61,746	2,580	1,925	-	(1,946)	64,305
Derivative financial instruments.	8,814	1,132	4,579	(2,900)	(201)	11,424
Others.....	431	20	-	22	(190)	283
Deferred tax liability.....	<u>235,693</u>	<u>(3,305)</u>	<u>6,504</u>	<u>(11,616)</u>	<u>(2,435)</u>	<u>224,841</u>
Net provision for deferred taxes	<u>\$ (52,734)</u>	<u>\$ 30,651</u>	<u>\$ (3,855)</u>	<u>\$ 18</u>	<u>\$ 2,837</u>	<u>\$ (23,083)</u>

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**B) TAX LOSS CARRYFORWARDS**

At December 31, 2022, the Company had tax loss carryforwards from its subsidiaries in Mexico, which amounted to approximately \$90,035. Based on projections prepared by the Company's management, is not enough evidence that these tax losses will be recovered, therefore, the Company did not recognize a deferred tax asset. Tax losses that will not be used have the following expiration dates:

<u>Year</u>	<u>Amount</u>
2023.....	\$ 11,605
2024.....	3,080
2025 .....	851
2026 .....	1,233
2027 and thereafter.....	73,266
Total.....	<u>\$ 90,035</u>

At December 31, 2022, the Company had tax loss carryforwards from its foreign subsidiaries, which amounted to approximately \$111,530, for which a deferred tax asset has not been recognized, considering that the projections prepared by the Company's management do not show enough evidence that these tax losses will be recovered.

**C) UNCERTAIN TAX POSITIONS**

At December 31, 2022 and 2021, the Company has no uncertain tax positions.

**D) TAX EFFECTS FROM OTHER COMPREHENSIVE INCOME**

Deferred taxes related to other comprehensive income are comprised of:

	<u>At December 31, 2022</u>	<u>At December 31, 2021</u>
Net Investment hedge.....	\$ 10,799	\$ (8,693)
Remeasurement of employment benefit obligations.....	240	259
Cash flow hedges reserve.....	(29,325)	4,579
Others.....	(19)	-
Total.....	<u>\$ (18,305)</u>	<u>\$ (3,855)</u>

**14. DEBT**

Debt is summarized as follows:

Short-term:	<u>As of December 31, 2022</u>	<u>As of December 31, 2021</u>
Bank loans.....	\$ 135,506	\$ 42,427
Current portion of long-term bank loans, notes and debt securities.....	11,465	12,252
	<u>\$ 146,971</u>	<u>\$ 54,679</u>

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	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Long-term:		
Bank loans, notes and debt securities.....	\$ 1,473,070	\$ 1,145,947
Current portion of long-term bank loans, notes and debt securities.....	(11,465)	(12,252)
	\$ 1,461,605	\$ 1,133,695

The terms, conditions and carrying values of debt are as follows:

	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity date</b>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
10-year Senior notes <sup>(b)</sup> .....	USD	4.88%	2024	399,169	398,855
Bank Loan <sup>(a)</sup> .....	USD	2.79%	2025	249,064	248,843
Debt securities “Gruma21” <sup>(c)</sup> ..	Pesos	VAR. TIIE + 0.29%	2027	231,818	-
Club loan <sup>(a)</sup> .....	USD	VAR. Libor + 1.00%	2026	199,163	198,977
Bank Loans.....	Pesos	VAR. TIIE + 0.18%	2023	131,704	-
Bank Loan <sup>(d)</sup> .....	USD	VAR. SOFR + 1.00%	2027	124,372	-
Revolving Loan <sup>(d)</sup> .....	USD	VAR. SOFR + 1.00%	2027	124,271	-
Debt securities “Gruma22” <sup>(b)</sup> ..	Pesos	7.00%	2028	102,922	96,762
Bank Loan <sup>(b)</sup> .....	Euros	0.95%	2026	38,545	50,949
Bank Loans.....	Turkish Liras	13.55% - 18.10%	2023	3,924	5,990
Bank Loan.....	Euros	1.53%	2024	3,624	5,749
Debt securities “Gruma18”.....	Pesos	TIIE + 0.38%*	2023	-	145,546
Bank Loan.....	Pesos	VAR. TIIE + 0.15%	2022	-	36,437
Bank Loans.....	Euros	3.95%	2022-2027	-	266
Total.....				\$ 1,608,576	\$ 1,188,374

(a) Quarterly interest payments; (b) Semi-annual interest payments; (c) Interest payment every 28 days; (d) Monthly interest payments; the rest of the liabilities pay interest monthly or at maturity.

\* Effective rate of 8.52% considering interest rate swap.

As of December 31, 2022 and 2021, short-term debt had an average interest rate of 10.07% and 6.08%, respectively. As of December 31, 2022 and 2021, Net Comprehensive Financing Cost included interest expense related to debt amounting to \$82,119 and \$58,620, respectively.

As of December 31, 2022, the annual maturities of long-term debt outstanding were as follows:

<b>Year</b>	<b>Amount</b>
2024.....	\$ 410,633
2025.....	258,717
2026.....	208,816
2027.....	480,477
2028 and thereafter	102,962
Total.....	\$ 1,461,605

On March 30, 2021, the Company obtained a loan for \$200,000, which was granted jointly by The Bank of Nova Scotia and Bank of America México, SA, Institución de Banca Múltiple, for a term of 5 years, accruing interest at a LIBOR rate plus a spread of 100 basis points and payable in a single installment at maturity. The funds from this loan were used by the Company to repay debt denominated in dollars and pesos.

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On May 19, 2021, as part of its revolving short- and long-term Debt Securities Program for a total authorized amount of Ps.8,000,000 (\$413,191) the Company carried out a public offering of long-term debt securities “GRUMA21” in the local debt markets for Ps.2,000,000 (\$103,298) with a 7 year term and accruing interest at a fixed annual rate of 7.0%. The funds from this public offering were used by the Company to repay long-term debt in pesos maturing in September 2021.

On June 3, 2021, the Company terminated its committed revolving credit facilities for \$250,000 with Rabobank as administrative agent and for \$120,000 with The Bank of Nova Scotia as administrative agent. On the same date, the Company engaged a new committed revolving facility for \$250,000, with Rabobank as administrative agent and equal participation from Rabobank, Bank of America, JP Morgan, The Bank of Nova Scotia and Credit Agricole. The new facility has a floating rate of LIBOR plus 1.15%, an unused fee of 0.32% per year, a term of 5 years, as well as restrictions in line with the other current credits. As of December 31, 2022, the facility was not utilized.

On July 28, 2022, the Company obtained a committed line of credit for up to \$150,000, which will be used for general corporate purposes. The committed line of credit was granted by BBVA Mexico, S.A., Institucion de Banca Multiple, Grupo Financiero BBVA Mexico for a term of 5 years, with a SOFR rate plus a spread of 100 basis points. As of December 31, 2022, \$25,000 was available.

On September 27, 2022, the Company obtained a credit facility for \$125,000, which was used to refinance various existing liabilities. The credit was granted by The Bank of Nova Scotia for a term of 5 years, with a SOFR rate plus a spread of 100 basis points, payable in a single installment at maturity.

On September 30, 2022, the Company obtained a committed line of credit for \$100,000, which will be used for general corporate purposes. The committed line of credit was granted by Cooperatieve Rabobank U.A. New York Branch and Bank of America, N.A., with a 5 year term, with a SOFR rate plus a 10 basis points adjustment plus a spread of 105 basis points. As of December 31, 2022, the facility was not utilized.

On October 10, 2022, the Mexican National Banking and Securities Commission (CNBV) authorized a new revolving short and long-term Debt Securities Program for a total authorized amount of Ps.10,000,000 (\$516,489). As part of this new Program, on October 11, 2022 the Company carried out a public offering of long-term debt securities “GRUMA22” in the local debt market for the amount of Ps.4,500,000 (\$232,420) with a 5-year term and accruing interest at an annual rate equal to TIIE plus a spread of 29 basis points. The Debt Securities were rated “AAA(mex)” on a local scale by Fitch Mexico and “mxAA+” by S&P Global Ratings. The funds from this public offering were used by the Company to prepay the “GRUMA18” Debt Securities maturing in 2023 and to refinance short-term debt.

As of December 31, 2022, the Company has contracted committed lines of credit for \$750,000, out of which \$625,000 are available, and require the quarterly payment of unused fees from 0.10% to 0.35%, which are recognized as part of the financial expenses for the year.

The outstanding loans documentation contains various obligations, mainly regarding compliance with financial ratios and delivery of financial information, which if not complied with or remedied within a certain period to the satisfaction of the creditors, could be considered as a cause for early termination.



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Financial ratios are calculated according with the formulas established in the credit agreements. The main financial ratios contained in the credit agreements are the following:

- Interest coverage ratio, defined as the ratio of consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of the last twelve months to consolidated interest charges of the last twelve months, should not be less than 2.5 times.
- Net Leverage ratio, defined as the ratio of consolidated net debt (determined as the sum of the outstanding principal balance of consolidated indebtedness and guarantees of the Company for obligations with third parties unrelated to the Company's core business minus cash and cash equivalents), to consolidated EBITDA of the last twelve months, should be no greater than 3.5 times.

As of December 31, 2022 and 2021, the Company was in compliance with the financial covenants, as well as with the delivery of the required financial information.

The table below details the changes in the Company's debt arising from financing activities:

	<b>Short-term bank loans</b>	<b>Long-term bank loans, notes and debt securities</b>	<b>Total</b>
<b>Balance at January 1, 2021.....</b>	\$ 136,359	\$ 1,010,354	\$ 1,146,713
Proceeds from debt.....	723,923	286,674	1,010,597
Payment of debt.....	(805,241)	(152,182)	(957,423)
Effect of changes in foreign exchange rates.....	1,099	23,015	24,114
Debt issuance costs.....	-	(1,646)	(1,646)
Cumulative translation adjustments.....	(1,461)	(34,403)	(35,864)
Other non-cash changes.....	-	1,883	1,883
<b>Balance at December 31, 2021.....</b>	<b>54,679</b>	<b>1,133,695</b>	<b>1,188,374</b>
Proceeds from debt.....	1,602,335	508,388	2,110,723
Payment of debt.....	(1,513,890)	(194,952)	(1,708,842)
Effect of changes in foreign exchange rates.....	(670)	(64,831)	(65,501)
Debt issuance costs.....	-	(1,985)	(1,985)
Cumulative translation adjustments.....	4,517	80,042	84,559
Other non-cash changes.....	-	1,248	1,248
<b>Balance at December 31, 2022.....</b>	<b>\$ 146,971</b>	<b>\$ 1,461,605</b>	<b>\$ 1,608,576</b>

## 15. TRADE ACCOUNTS PAYABLE

The Company has financing programs by which suppliers can discount their notes with different financial institutions (Citibanamex, BBVA, HSBC, Santander, Bank of America). The balance payable derived from these programs is recognized within trade accounts payable in the balance sheet. The financial cost for these operations is a charge to suppliers.

	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Discounted balance payable by suppliers.....	\$ 134,333	\$ 155,601

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**16. PROVISIONS**

The movements of provisions are as follows:

	<u>Labor provisions</u>	<u>Restoration provision</u>	<u>Tax provision</u>	<u>Legal Provision</u>	<u>Total</u>
<b>Balance at January 1, 2021.....</b>	\$ 33,463	\$ 9,968	\$ 64	\$ -	\$ 43,495
Charge (credit) to income:					
Additional provisions.....	11,756	356	9	-	12,121
Unused amounts reserved.....	-	-	(59)	-	(59)
Used during the year.....	(13,079)	(1,226)	-	-	(14,305)
Cumulative translation adjustments.....	-	-	1	-	1
<b>Balance at December 31, 2021.....</b>	<u>32,140</u>	<u>9,098</u>	<u>15</u>	<u>-</u>	<u>41,253</u>
Charge (credit) to income:					
Additional provisions.....	14,713	4,725	-	4,324	23,762
Unused amounts reserved.....	-	-	-	-	-
Used during the year.....	(12,477)	-	-	-	(12,477)
Cumulative translation adjustments.....	-	-	(1)	-	(1)
<b>Balance at December 31, 2022.....</b>	<u>\$ 34,376</u>	<u>\$ 13,823</u>	<u>\$ 14</u>	<u>\$ 4,324</u>	<u>\$ 52,537</u>

The classification of provisions is as follows:

	<u>Labor provisions</u>	<u>Restoration provision</u>	<u>Tax provision</u>	<u>Legal provision</u>	<u>Total</u>
<b>At December 31, 2021:</b>					
Current.....	\$ 9,852	\$ -	\$ -	\$ -	\$ 9,852
Non-current.....	22,288	9,098	15	-	31,401
	<u>\$ 32,140</u>	<u>\$ 9,098</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 41,253</u>
<b>At December 31, 2022:</b>					
Current.....	\$ 11,988	\$ -	\$ -	\$ 4,324	\$ 16,312
Non-current.....	22,388	13,823	14	-	36,225
	<u>\$ 34,376</u>	<u>\$ 13,823</u>	<u>\$ 14</u>	<u>\$ 4,324</u>	<u>\$ 52,537</u>

**Labor provisions**

In the United States, when permitted by law, the Company self insures against workers' compensation claims arising from medical expenses incurred due to work accidents or illness. For uncovered risks, the Company estimates the associated liabilities through an actuarial calculation, considering historical information of claims, demographic factors, severity of past events and other actuarial assumptions; to estimate the expected outflows of economic resources and projected timing of the settlement of these claims. At December 31, 2022 and 2021, the discount rate applied was 5.98% and 3.22% respectively. At December 31, 2022 and 2021, the Company has \$1,241 and \$1,225 of expected insurance reimbursements that are included in consolidated balance sheet as a component of accounts receivable.

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**Restoration provision**

In the United States, the Company has recognized an obligation to remove equipment and leasehold improvements from certain of its leased manufacturing facilities in order to restore the facilities to their original condition, less normal wear and tear as determined by the terms of the lease. The Company has estimated the expected outflows of economic resources associated with these obligations and the probability of possible settlement dates based upon the terms of the lease. These estimates are used to calculate the present value of the estimated expenditures using a before tax discount rate and taking into account any specific risks associated with these obligations. At December 31, 2022 and 2021 the discount rate applied was 6.46% and 4.21%, respectively.

**Legal provision**

In Central America, a provision of \$4,324 has been recognized related to the payment of a penalty for an administrative proceeding filed by the Commission for the Promotion of Competition (COPROCOM).

**17. OTHER CURRENT LIABILITIES**

At December 31, 2022 and 2021, Other current liabilities include mainly the following:

	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Employee benefits payable.....	\$ 84,309	\$ 70,182
Dividends payable.....	52,210	49,731
Promotion and advertising payable.....	25,190	20,274
Deferred income.....	21,436	15,910
Freights.....	11,169	11,806
Other short-term liabilities <sup>(a)</sup> .....	114,131	92,672
Total.....	<u>\$ 308,445</u>	<u>\$ 260,575</u>

(a) Other short-term liabilities are mainly integrated of accrued expenses payable.

**18. EMPLOYEE BENEFITS OBLIGATIONS**

Employee benefits obligations recognized in the balance sheet, by country, were as follows:

<b>Country</b>	<b>At December 31, 2022</b>	<b>At December 31, 2021</b>
Mexico.....	\$ 52,477	\$ 46,704
United States.....	3,498	5,058
Other countries.....	2,605	2,501
Total.....	<u>\$ 58,580</u>	<u>\$ 54,263</u>

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**A) MEXICO**

In Mexico, labor obligations recognized by the Company correspond to the single-payment retirement plan and seniority premium. The benefits for the retirement plan and seniority premium are defined benefit plans, based on the projected salary at the date in which the employee is assumed to receive the benefits. Currently, the plan operates under Mexican law, which does not require minimum funding.

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

- Investment risk. The expected return rate for investment funds is equivalent to the discount rate, which is calculated using a discount rate determined by reference to long-term government bonds; if the return on plan asset is below this rate, it will create a plan deficit. Due to the long-term nature of the plan liabilities, the Company considers appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.
- Interest risk. A decrease in the interest rate will increase the plan liability; the volatility in interest rates depends exclusively in the economic environment.
- Longevity risk. The present value of the defined benefit plan liability is calculated by reference to the best estimate of mortality of plan participants. 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 expectancy of the plan participants will increase the plan's liability.

The reconciliation between the beginning and ending balances of the present value of the defined benefit obligations (DBO) is as follows:

	<u>2022</u>	<u>2021</u>
DBO at beginning of the year.....	\$ 49,568	\$ 50,232
Add (deduct):		
Current service cost.....	2,807	3,518
Financial cost.....	3,722	3,246
Remeasurement for the period.....	(1,269)	(1,630)
Benefits paid.....	(2,891)	(4,240)
Cumulative translation adjustments.....	3,215	(1,558)
DBO at end of the year.....	<u>\$ 55,152</u>	<u>\$ 49,568</u>

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The reconciliation between the beginning and ending balances of the employee benefit plan assets at fair value for the years 2022 and 2021 is shown below:

	<u>2022</u>	<u>2021</u>
Plan assets at fair value at beginning of the year..	\$ 2,864	\$ 2,950
Add (deduct):		
Return on plan assets.....	444	152
Return on plan assets recognized in other comprehensive income.....	(801)	(146)
Cumulative translation adjustments.....	168	(92)
Plan assets at fair value at end of the year.....	<u>\$ 2,675</u>	<u>\$ 2,864</u>

The following table shows the reconciliation between the present value of the defined benefit obligation and the plan assets at fair value, and the projected net liability included in the balance sheet:

	<u>At December 31, 2022</u>	<u>At December 31, 2021</u>
Employee benefit (assets) liabilities:		
DBO.....	\$ 55,152	\$ 49,568
Plan assets.....	(2,675)	(2,864)
Employee benefits obligations.....	<u>\$ 52,477</u>	<u>\$ 46,704</u>

The value of the DBO related to the pension plan amounted to \$46,760 and \$42,094 at December 31, 2022 and 2021, respectively, while the value of the DBO related to seniority premiums amounted to \$8,392 and \$7,474, respectively.

At December 31, 2022 and 2021, the components of net cost comprised the following:

	<u>2022</u>	<u>2021</u>
Current service cost.....	\$ 2,807	\$ 3,518
Financial cost.....	3,722	3,246
Return on plan assets.....	111	(152)
Net cost for the year.....	<u>\$ 6,640</u>	<u>\$ 6,612</u>

The net cost for the year related to the pension plan amounted \$5,522 and \$5,636 at December 31, 2022 and 2021, respectively, while the net cost related to seniority premiums amounted to \$1,118 and \$976, respectively.

The net cost for the year 2022 of \$6,640 (\$6,612 in 2021) was recognized in income as cost of sales for \$615 (\$667 in 2021), selling and administrative expenses for \$2,456 (\$2,850 in 2021) and interest expense for \$3,570 (\$3,095 in 2021).

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Remeasurements of the defined benefit obligation recognized in other comprehensive income are comprised of:

	<u>2022</u>	<u>2021</u>
(Losses) return on plan assets (excluding amounts included in net cost of the period).....	\$ (300)	\$ 146
Actuarial gains (losses) arising from changes in financial assumptions.....	3,639	(3,267)
Actuarial (losses) gains arising from experience adjustments.....	<u>(5,214)</u>	<u>1,652</u>
	<u>\$ (1,875)</u>	<u>\$ (1,469)</u>

The total amount recognized in other comprehensive income is described below:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year.....	\$ 38,250	\$ 39,719
Remeasurements that occurred during the year...	(1,875)	(1,469)
Balance at the end of the year.....	<u>\$ 36,375</u>	<u>\$ 38,250</u>

At December 31, 2022 and 2021, plan assets stated at fair value and related percentages with respect to total plan assets were analyzed as follows:

	<u>At December 31, 2022</u>		<u>At December 31, 2021</u>	
Equity securities, classified by type of industry:	\$ 1,970	74%	\$ 1,828	64%
Consumer industry.....	456		435	
Financial institutions.....	1,514		1,393	
Fixed rate securities.....	705	26%	1,036	36%
Fair value of plan assets.....	<u>\$ 2,675</u>		<u>\$ 2,864</u>	<u>100%</u>

As of December 31, 2022, the funds maintained in plan assets were considered sufficient to face the Company's short-term needs; therefore, the Company's management has determined that for the time being there is no need for additional contributions to increase these assets.

The main actuarial assumptions used were as follows:

	<u>At December 31, 2022</u>	<u>At December 31, 2021</u>
Discount rate.....	9.50%	7.75%
Future increase rate in compensation levels.....	4.50%	4.50%
Long-term inflation rate.....	3.50%	3.50%

At December 31 2022 and 2021, the impact in DBO for a decrease of 25 basis points in the discount rate amounts to \$679 and \$987, respectively. This sensitivity analysis is based on the change in the discount rate while keeping constant the rest of the assumptions. In practice, this is unlikely to occur, and changes in some of the assumptions can be correlated. The methods used in preparing the sensitivity analysis did not change from those used in prior years.

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The average duration of the benefit obligation at December 31, 2022 and 2021 is 11 and 12 years, respectively.

The Company does not expect to contribute during the next fiscal year.

**Labor subcontracting reform:**

On April 23, 2021, several provisions were published in the Federal Labor Law, Social Security Law, Law of the Institute of the National Housing Fund for Workers (INFONAVIT), Federal Tax Code, Income Tax Law and Law of the Value Added Tax in order to regulate the subcontracting of personnel.

In general terms, the main aspects are: a) prohibit the subcontracting of personnel, b) incorporate rules into the current legislation that allow legal and individual entities to contract only specialized services or the execution of specialized works, provided that they are not part of the corporate purpose or the predominant economic activity of the beneficiary of the same, c) establish maximum amounts for the payment of Employee's Statutory profit sharing (PTU), and d) creation of the Registry of Providers of Specialized Services and Specialized Works (REPSE) of the Ministry of Labor and Social Welfare (STPS).

These provisions entered into force the day after their publication, except for what refers to the obligations indicated in fiscal matters which entered into force on August 1, 2021 and those of the regulations of Section B), of the Federal Law of Workers to State Service that entered into force in 2022.

The Company carried out an analysis on the application of these new provisions and did not have a material impact on the financial statements.

**B) UNITED STATES**

In the United States, the Company has a savings and investment plan that incorporates voluntary employee 401(k) contributions with matching contributions from the Company up to 4% of eligible employees' salaries. This plan, available to the majority of employees not covered by collective bargaining agreements permits contributions from 1% to 25% of such employees' annual compensation, as defined in the plan agreement. For the years ended December 31, 2022 and 2021, total expenses related to this plan amounted to \$9,724 and \$8,657, respectively.

Additionally, the Company has established an unfunded nonqualified deferred compensation plan for a selected group of management and highly compensated employees. The plan is voluntary and allows employees to defer a portion of their salary or bonus in excess of the savings and investment plan limitations. The employees elect investment options and the Company monitors the result of those investments and records a liability for the obligation. For the years ended December 31, 2022 and 2021, total (income) expenses related to this plan were approximately \$(965) and \$807, respectively.

At December 31, 2022 and 2021, the liability recognized for both plans amounted \$3,498 and \$5,058, respectively.

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**C) OTHER COUNTRIES**

In Central America and Europe, the retirement and severance provisions are determined according to the current Labor Legislation of each country. In Central America, at December 31, 2022 and 2021, the liability recognized for this item amounted to \$2,038 and \$1,883, respectively, and the total expenses derived for the same concept were \$462 and \$324, respectively. In Europe, as of December 31, 2022 and 2021, the liability recorded for this concept amounts to \$567 and \$618, respectively, and the total expenses derived for the same concept were \$58 and \$140, respectively.

**19. EQUITY**

**A) COMMON STOCK**

At December 31, 2022, the Company's outstanding common stock consisted of 370,308,994 Series "B" shares, Class I, with no par value, fully subscribed and paid, which can only be withdrawn with stockholders' approval and 5,398,865 treasury shares.

The Extraordinary General Shareholders' Meeting held on April 22, 2022 approved the cancellation of 18,498,057 ordinary, nominative shares, without expression of nominal value, series "B", Class I, issued by Gruma S.A.B. de C.V. which have been repurchased by the Company.

At December 31, 2021, the Company's outstanding common stock consisted of 381,031,849 Series "B" shares, Class I, with no par value, fully subscribed and paid, which can only be withdrawn with stockholders' approval and 13,174,067 treasury shares.

The Extraordinary General Shareholders' Meeting held on April 23, 2021, approved the cancellation of 11,285,140 ordinary, nominative shares, without expression of nominal value, series "B", Class I, issued by Gruma S.A.B. de C.V. which have been repurchased by the Company.

**B) RETAINED EARNINGS**

The Income Tax Law established a 10% tax rate on earnings from 2014 and thereafter, for dividend paid to foreign residents and Mexican individuals; additionally, this law stated that for the years 2001 to 2013, the net taxable income would be determined in accordance with the Income Tax Law effective for each year.

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account (CUFIN) and will be taxed at a rate that fluctuates between 32% and 35% if paid from the reinvested Net Tax Profit Account. Dividends paid that exceed CUFIN and reinvested CUFIN are subject to an income tax payable at a rate of 30% if paid in 2023. The tax is payable by the Company and may be credited against the normal income tax payable by the Company in the year in which the dividends are paid or in the following two years. Dividends paid from earnings previously taxed are not subject to any withholding or additional tax payment. As of December 31, 2022 and 2021, CUFIN amounted to \$760,393 and \$760,381, respectively.



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**Legal reserve**

The legal reserve must be increased annually by 5% of annual net profits, included within retained earnings, until it reaches a fifth of the fully paid common stock amount.

For the years ended December 31, 2022 and 2021, the legal reserve balance was \$65,898.

**Repurchase of common stock**

The Shareholders' Meeting held on April 22, 2022 approved to increase the reserve to repurchase the Company's own shares up to \$361,542 (Ps.7,000,000), as the maximum amount for the reserve for the acquisition of own shares. This reserve is included in retained earnings.

The Shareholders' Meeting held on April 23, 2021 approved to increase the reserve to repurchase the Company's own shares up to \$340,078 (Ps.7,000,000), as the maximum amount for the reserve for the acquisition of own shares. This reserve is included in retained earnings.

The maximum amount of proceeds that can be used to purchase the Company's own shares cannot exceed, in any case, the net earnings of the entity, including retained earnings.

When purchasing of the Company's own shares, the amount of the consideration paid, including the direct costs attributable to such acquisition, is recognized as a decrease in the Company's equity. When the shares are re-placed, the consideration received is recognized within the equity.

The difference between the acquisition cost of the repurchased shares and their stated value is recognized as part of the reserve to repurchase the Company's own shares, which is included within retained earnings from prior years. Stated value of the shares is determined by the quotient resulting from dividing common stock paid by the number of the Company's outstanding shares. The gain or loss on the sale of the Company's own shares is recorded in retained earnings.

The movements of the reserve for acquisition of Company's own shares for the years ended December 31, 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
Balance at the beginning of the year .....	\$ 182,632	\$ 241,758
Increase in the reserve during the year .....	217,587	125,361
Purchase of Company's own shares during the year....	(131,334)	(184,487)
Balance at the end of the year.....	<u>\$ 268,885</u>	<u>\$ 182,632</u>

At December 31, 2022, the Company has purchased 5,398,865 of its own shares at a market value of \$72,706 as of that date.

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**C) CUMULATIVE TRANSLATION ADJUSTMENTS**

The cumulative translation adjustments consisted of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year.....	(\$ 452,264)	\$ (411,472)
Effect of the year from translation adjustments.....	(60,226)	(21,216)
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investments in foreign subsidiaries <sup>(*)</sup> .....	65,501	(19,576)
Balance at end of year.....	<u>\$ (446,989)</u>	<u>\$ (452,264)</u>

(\*) The Company maintains a coverage of its net investment abroad (American dollars) against the exchange fluctuation of its bank debt in American dollars. Derived from the above, effectiveness tests were carried out that consisted of the comparison of the critical terms between the hedging instruments and the hedged item, which resulted in a one to one coverage ratio for both years.

At December 31, 2022 and 2021, the debt denominated in American dollars for up to \$1,100,000 and \$850,000, respectively, generated a hedge on the investment of the Company in its subsidiaries in the United States (Gruma Corporation and subsidiaries).

During 2022 and 2021, the Company received dividends from its United States subsidiary Gruma Corporation amounting to \$170,000 and \$235,000 respectively.

**20. FINANCIAL INSTRUMENTS**

**A) FINANCIAL INSTRUMENTS BY CATEGORY**

At December 2022 and 2021, the Company's financial instruments are as follows:

	<u>2022</u>	<u>2021</u>
<b>Financial assets at amortized cost:</b>		
Cash and cash equivalents	\$ 283,864	\$ 254,968
Accounts receivable	564,487	449,391
Long term notes receivable and other	14,177	10,879
<b>Financial assets at fair value through profit or loss:</b>		
Short-term derivative financial instruments	571	180
<b>Financial assets at fair value with changes in other comprehensive income:</b>		
Short-term derivative financial instruments	4,607	46,841
<b>Total Financial Assets</b>	<u>\$ 867,706</u>	<u>\$ 762,259</u>

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**Financial liabilities at amortized cost:**

Short-term debt	146,971	54,679
Short-term lease liability	49,107	37,538
Trade accounts payable	446,795	425,337
Long-term debt	1,461,605	1,133,695
Long-term lease liability	318,305	281,542
Other liabilities, excludes non-financial liabilities	75,421	72,085

**Financial liabilities at fair value through profit or loss:**

Short-term derivative financial instruments	3,192	456
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**Financial liabilities at fair value with changes in other comprehensive income:**

Short-term derivative financial instruments(*)	59,099	4,194
Short-term derivative financial instruments compensated(*)	(27,560)	-
Long-term derivative financial instruments	-	358

<b>Total Financial Liabilities</b>	<u>\$ 2,532,935</u>	<u>\$ 2,009,884</u>
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(\*) As of December 31, 2022 in the Consolidated statement of financial position, the financial liability recognized for futures contracts is presented offset with the amount of margin calls required to the Company on this contracts for an amount of \$27,560.

The Company's exposure to a variety of risks related to financial instruments is described in Note 4.

**B) FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of cash and cash equivalents, accounts receivable, trade accounts payable and other current liabilities approximate their fair value, due to their short maturity. In addition, the net book value of accounts receivable represents the expected cash flow to be received.

The financial instruments that present material differences between the book values and the fair values are as follow:

	<u>At December 31, 2022</u>		<u>At December 31, 2021</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<b>Financial Assets:</b>				
Long term notes receivable and others	\$ 14,177	\$ 14,599	\$ 10,879	\$ 11,566
<b>Financial liabilities:</b>				
10-year Bonds	399,169	396,292	398,855	435,552
Short and long-term debt	1,209,407	1,059,468	789,519	798,159

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The fair values at December 31, 2022 and 2021 were determined by the Company as follows:

- The market value of the 10-year bonds is determined on the basis of the actual quotations of these instruments on the reference market. This fair value is classified as level 1 in the fair value hierarchy.
- The fair value for the rest of the long-term debt was based on the present value of the cash flows discounted at interest rates based on readily observable market inputs. This fair value is classified as level 2 in the fair value hierarchy. The average discount rate used was 11.25% in 2022 and 4.57% in 2021.
- Fair value of long-term notes receivable is classified as level 2 in the fair value hierarchy and was based on the present value of future cash flows using a discount rate of 8.07% and 5.82% in 2022 and 2021, respectively.

**C) DERIVATIVE FINANCIAL INSTRUMENTS**

The Company entered into short-term hedge transactions through commodity futures, swaps and options to hedge a portion of its requirements of corn, wheat, soy oil, natural gas and diesel. These financial instruments are denominated in the same price reference as the highly probable forecasted transactions of purchases of corn, wheat and fuels, therefore, the hedge ratio is one to one. The weighted average strike price of open position of corn options during the fiscal year 2022, amounted to \$6.19 dollars per bushel (buy puts), \$8.37 dollars per bushel (sell calls). The weighted average strike price of open position of corn options during the fiscal year 2021 is \$5.32 dollars per bushel (buy puts), \$4.74 dollars per bushel (sell puts) and \$7.37 dollars per bushel (sell calls).

The Company entered into forward and foreign exchange option transactions to hedge the Mexican peso to U.S. dollar foreign exchange rate risk related to the price of corn purchases in Mexico. These instruments are denominated in the same currency as the highly probable forecasted transactions of inventory purchases, therefore, the hedge ratio is one to one.

The Company uses derivative financial instruments such as interest rate swaps for the purposes of hedging a portion of its debt, to reduce the Company's exposure to increases in interest rates. The interest rate swap instrument is denominated in the same currency and with the same reference (in this case 28-day THIE rate) as the interest payments scheduled in the stock certificate, therefore, the coverage ratio is one to one.

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The following derivate financial instruments were recognized in the Company's balance sheet:

	2022		2021	
	Notional Amount	Fair Value	Notional Amount	Fair Value
<b>Current Assets:</b>				
Wheat swaps (b)	600,000 Bushels	\$ 571	-	\$ -
Wheat futures (a)	-	-	5,105,000 Bushels	10,337
Wheat swaps (c)	-	-	415,000 Bushels	136
Corn swaps and options (a)	9,780,000 Bushels	15	11,745,000 Bushels	32,874
Corn swaps (a)	-	-	5,905,000 Bushels	2,505
Corn puts (c)	-	-	5,510,000 Bushels	44
Natural gas swaps (a)	480,000 Mmbtu	1,116	-	-
Exchange rate forwards (a)	37,200,000 USD	3,477	35,625,000 USD	627
Soybean oil futures (a)	-	-	12,600,000 Pounds	248
Diesel swaps (a)	-	-	255,695 Gallons	250
Total current assets of derivate financial instruments		<u>\$ 5,178</u>		<u>\$ 47,021</u>
<b>Current Liabilities:</b>				
Soybean oil futures (a,d)	25,560,000 Pounds(*)	\$ 2,294	2,160,000 Pounds	\$ 102
Wheat futures (a,d)	7,770,000 Bushels(*)	21,452	-	-
Wheat swaps (a)	1,030,000 Bushels	1,605	-	-
Corn swaps (a)	11,745,000 Bushels	13,467	-	-
Natural gas futures (a,d)	3,800,000 Mmbtu(*)	3,814	2,970,000 Mmbtu	967
Natural gas swaps (a)	4,140,000 Mmbtu	6,637	3,930,000 Mmbtu	1,448
Natural gas swaps (c)	-	-	180,000 Mmbtu	54
Diesel swaps (a)	410,000 Gallons	151	450,000 Gallons	57
Exchange rate forwards (a)	334,000 Thousands USD	9,679	211,200 Thousands USD	22
Exchange rate forwards (c)	151,100 Thousands USD	3,192	18,500 Thousands USD	402
			3,000,000 Thousands Pesos	
Interest rate swaps (a)	-	-		1,598
Subtotal		<u>62,291</u>		<u>4,650</u>
Margin calls (d)		<u>(27,560)</u>		<u>-</u>
Total current liabilities of derivate financial instruments		<u>34,731</u>		<u>4,650</u>
<b>Non- Current Liabilities:</b>				
Interest rate swaps (a)	-	-	3,000,000 Thousands Pesos	358
Total non-current liabilities of derivate financial instruments		<u>\$ -</u>		<u>\$ 358</u>

(a) Cash flow hedging

(b) Fair value hedge

(c) Trading

(d) As of December 31, 2022 in the Consolidated statement of financial position, the financial liability recognized for futures contracts is presented offset with the amount of margin calls required to the Company on this contracts for an amount of \$27,560.

In futures contracts associated with commodities that are held in recognized and international markets, the Company is subject to the rules of these markets. These rules include, among others, covering the initial margin to trade futures contracts, as well as the subsequent margin calls (revolving funds, which are required in the presence of variations in the prices of the underlying to be applied against payments) required to the Company.

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Financial assets and liabilities recognized for the use of derivative financial instruments are not offset in the financial statements unless the Company has both the legal right and the intention to offset.

The Company uses derivative financial instruments only for hedging purposes and not as speculative trading. However, when the derivatives do not meet the hedge accounting criteria, they are classified as “trading instruments” for accounting purposes and are recorded at fair value through profit or loss. They are presented as current assets or liabilities since they are expected to be settled within 12 months after the end of the reporting period.

**Reserve for cash flow hedges**

The following table presents a reconciliation by risk category of the equity components and the analysis of the items of other comprehensive income, net of taxes, that come from cash flow hedges:

	<b>Cash flow hedges reserve and others</b>		
	Cash flow hedges and hedge cost <sup>(a)</sup>	Intrinsic value of options	Total hedge reserve
<b>Opening balance at January 1, 2021</b>	\$ (7,579)	\$ -	\$ (7,579)
Changes in fair value of the hedging instrument.....	75,074	-	75,074
Finished operations.....	35,302	-	32,302
Reclassified to inventory.....	(23,365)	-	(23,365)
Reclassified to income statement in the cost of sales .....	(11,137)	-	(11,137)
Ineffective portion reclassified to other (expense) income, net.....	(575)	-	(575)
Income tax (caused/deferred) <sup>(b)</sup> .....	(10,789)	-	(10,789)
<b>Closing balance at December 31, 2021</b>	<u>56,931</u>	<u>-</u>	<u>56,931</u>
Changes in fair value of the hedging instrument.....	(45,345)	(14,529)	(59,874)
Finished operations.....	109,637	-	109,637
Reclassified to inventory.....	(156,325)	-	(156,325)
Reclassified to income statement in the cost of sales .....	(17,031)	-	(17,031)
Ineffective portion reclassified to other (expense) income, net.....	2,724	-	2,724
Income tax (caused/deferred) <sup>(b)</sup> .....	29,818	-	29,818
<b>Closing balance at December 31, 2022</b>	<u>\$ (19,591)</u>	<u>\$ (14,529)</u>	<u>\$ (34,120)</u>

<sup>(a)</sup> The amount deferred in the costs of hedging reserve includes \$14,544 in respect of time value of options. All of these deferred costs are in respect of transaction-related items, namely forecast inventory purchases.

<sup>(b)</sup> As of December 31, 2022 and 2021, the amount of the income tax is composed of (\$12,900) and (\$16,355) of the derivative financial instrument in the reserve for cash flow hedges and by \$42,718 and \$5,566 for the deferred tax of the cash flow hedge transferred to inventories, respectively.

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**Amounts recognized in income**

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognized in profit or loss in relation to derivatives:

	<b>2022</b>	<b>2021</b>
(Loss) net income on commodity derivatives that did not qualify as hedge accounting, included in other (expenses) income, net.....	\$ (5,188)	\$ 22,756
Net loss on foreign currency forwards that did not qualify as hedge accounting, included in other (expenses) income, net.....	(8,724)	(1,482)
Non-effective portion of commodity derivatives, included in other (expenses) income, net.....	243	(575)
Net income (loss) on foreign currency forwards that did not qualify as hedge accounting, included in Financing Cost.....	2,175	(804)
Net loss on interest rate swaps that did not qualify as hedge accounting, included in Financing Cost.....	(1,513)	-

**D) FAIR VALUE HIERARCHY**

A three-level hierarchy is used to measure and disclose fair values. An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. The following is a description of the three hierarchy levels:

- Level 1— Quoted prices for identical instruments in active markets. The data used in the Company's financial statements to measure fair value include the corn and wheat market price quotes from the Chicago Board of Trade.
- Level 2— Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3— Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

**a. Determination of fair value**

When available, the Company generally uses quoted market prices to determine fair value and classifies such items in Level 1. If quoted market prices are not available, fair value is valued using industry standard valuation models. When applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rates, currency rates, volatilities, etc. Items valued using such inputs are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some inputs that are readily observable. In addition, the Company considers assumptions for its own credit risk and the respective counterparty risk.

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**b. Measurement**

Assets and liabilities measured at fair value are summarized below:

	<b>At December 31, 2022</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<i>Assets:</i>			
Plan assets – seniority premium fund.....	\$ 2,675	\$ -	\$ 2,675
Derivative financial instruments–exchange rate.....	-	3,477	3,477
Derivative financial instruments–corn.....	-	15	15
Derivative financial instruments–wheat.....	-	571	571
Derivative financial instruments–fuel.....	-	1,116	1,116
	\$ 2,675	\$ 5,178	\$ 7,853
<i>Liabilities:</i>			
Derivative financial instruments – exchange rate.....	\$ -	\$ 12,871	\$ 12,871
Derivative financial instruments –corn.....	-	13,467	13,467
Derivative financial instruments –wheat (*)	21,452	1,605	23,057
Derivative financial instruments – soybean oil (*).....	2,294	-	2,294
Derivative financial instruments – fuel (*)..	3,814	6,788	10,602
	\$ 27,560	\$ 34,731	\$ 62,291

(\*) As of December 31, 2022 in the Consolidated statement of financial position, the financial liability recognized for futures contracts is presented offset with the amount of margin calls required to the Company on this contracts for an amount of \$27,560.

	<b>At December 31, 2021</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<i>Assets:</i>			
Plan assets – seniority premium fund....	\$ 2,864	\$ -	\$ 2,864
Derivative financial instruments–exchange rate.....	-	628	628
Derivative financial instruments–corn ..	2,505	32,918	35,423
Derivative financial instruments–wheat	10,337	136	10,473
Derivative financial instruments–soybean oil .....	247	-	247
Derivative financial instruments–fuel....	250	-	250
	\$ 16,203	\$ 33,682	\$ 49,885
<i>Liabilities:</i>			
Derivative financial instruments – exchange rate.....	\$ -	\$ 424	\$ 424
Derivative financial instruments – soybean oil.....	102	-	102
Derivative financial instruments – fuel...	1,024	1,502	2,526
Derivative financial instruments – interest rate .....	-	1,956	1,956
	\$ 1,126	\$ 3,882	\$ 5,008



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Derivative financial instruments - exchange rate

Exchange rate derivative financial instruments were recorded at fair value, which was determined using future cash flow discounted to present value. Significant data used to determine the fair value of these instruments is as follows:

	<u>2022</u>		<u>2021</u>
Forward exchange rate .....	\$ 19.36	\$	20.58
Discount rate.....	8.07%		5.82%

Derivative financial instruments - fuel

Fuel derivative financial instruments were recorded at fair value, which was determined using future cash flow discounted to present value, using quoted market prices of fuel listed in the NYMEX Exchange.

Derivative financial instruments - corn

Corn derivative financial instruments that qualify as Level 2 were recorded at fair value. Valuation techniques used to value these financial instruments include market quotations or quotations for similar instruments and other, such as the cash flow discount analysis, which is used to determine the fair value of corn swaps.

During the period, there were no transfers between Levels 1 and 2.

**21. EXPENSES BY NATURE**

Expenses by nature are presented in the income statement within the captions of cost of sales and selling and administrative expenses and are analyzed as follows:

	<u>2022</u>		<u>2021</u>
Cost of raw materials consumed and changes in inventory (Note 8).....	\$ 1,923,043	\$	1,783,221
Employee benefit expenses (Note 23).....	1,424,563		1,238,195
Depreciation.....	195,680		177,679
Amortization (Note 12).....	878		1,670
Lease expenses (Note 11).....	28,923		24,509
Research and development expenses (Note 12).....	10,001		7,602
Allowance for doubtful accounts (Note 7).....	3,716		2,178

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**22. OTHER (EXPENSES) INCOME, NET**

Other (expenses) income, net comprised the following:

	<u>2022</u>	<u>2021</u>
Current employees' statutory profit sharing.....	\$ (5,443)	\$ (4,635)
Net gain income from sale of property, plant and equipment .....	1,741	8,591
Impairment loss on long-lived assets.....	(2,147)	(2,465)
Income from recovery of insurance claims, net <sup>(1)</sup> .....	1,365	10,005
Result from derivative financial instruments.....	(13,669)	20,699
Tax inflation adjustment in relation to the return of income tax from previous years.....	-	2,243
Others .....	93	417
Total.....	<u>\$ (18,060)</u>	<u>\$ 34,855</u>

<sup>(1)</sup> In 2021, an amount of \$10,005 is included, corresponding to the income recognized in these year for the claim that occurred during 2019 at the plant located in the Netherlands.

**23. EMPLOYEE BENEFIT EXPENSES**

Employee benefit expenses are comprised of the following:

	<u>2022</u>	<u>2021</u>
Salaries, wages and benefits (including termination benefits).....	\$ 1,336,047	\$ 1,159,569
Social security contributions.....	72,597	62,086
Employment benefits (Note 18).....	15,919	16,540
Total.....	<u>\$ 1,424,563</u>	<u>\$ 1,238,195</u>

**24. COMPREHENSIVE FINANCING COST**

Comprehensive financing cost, net is comprised by:

	<u>2022</u>	<u>2021</u>
Bank financial expenses and others (Note 14).....	\$ (91,422)	\$ (64,502)
Financial lease expenses (Note 11) .....	(16,786)	(16,290)
Financial products .....	4,541	2,107
Result from derivative financial instruments (Note 20).....	2,175	(804)
Result from monetary position, net.....	2,996	-
Result from foreign exchange differences, net.....	(1,592)	(2,111)
Comprehensive financing cost, net.....	<u>\$ (100,088)</u>	<u>\$ (81,600)</u>

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**25. INCOME TAX EXPENSE**

**A) INCOME BEFORE INCOME TAX**

The domestic and foreign components of income before income tax are the following:

	<b>For the years ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Domestic.....	\$ 39,567	\$ 55,217
Foreign.....	470,488	416,908
	<u>\$ 510,055</u>	<u>\$ 472,125</u>

**B) COMPONENTS OF INCOME TAX EXPENSE**

The components of income tax expense are the following:

	<b>2022</b>	<b>2021</b>
Current tax:		
Current tax on profits for the year.....	\$ (178,708)	\$ (142,579)
Recover of tax due from prior years.....	118	3,316
Total current tax.....	<u>\$ (178,590)</u>	<u>\$ (139,263)</u>
Deferred tax:		
Origin and reversal of temporary differences.....	\$ (12,275)	\$ (30,651)
Total deferred tax.....	<u>(12,275)</u>	<u>(30,651)</u>
Total income tax expense.....	<u>\$ (190,865)</u>	<u>\$ (169,914)</u>

Domestic federal, foreign federal and state income taxes in the consolidated statements of income consisted of the following components:

	<b>For the year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Current:		
Domestic federal.....	\$ (51,201)	\$ (35,616)
Foreign federal.....	(123,960)	(84,092)
Foreign state.....	(3,429)	(19,555)
	<u>(178,590)</u>	<u>(139,263)</u>
Deferred:		
Domestic federal.....	(17,752)	(20,465)
Foreign federal.....	5,504	(9,909)
Foreign state.....	(27)	(277)
	<u>(12,275)</u>	<u>(30,651)</u>
Total income taxes.....	<u>\$ (190,865)</u>	<u>\$ (169,914)</u>

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**C) RECONCILIATION OF FINANCIAL AND TAXABLE INCOME**

For the years ended December 31, 2022 and 2021, the reconciliation between statutory income tax amounts and the effective income tax amounts is summarized as follows:

	<b>2022</b>	<b>2021</b>
Statutory federal income tax (30% for 2022 and 2021).....	\$ (153,017)	\$ (141,638)
Inflation effects on tax values.....	(26,110)	(21,245)
Foreign income tax rate differences .....	(13,417)	(7,389)
Foreign recovery of income taxes for dividends.....	12,058	8,423
Recovery of taxes caused by previous years .....	(118)	3,316
Unrecognized tax loss carryforwards of the year.....	(7,602)	(12,661)
Nondeductible expenses and others.....	(2,659)	1,280
Effective income tax (37.42% and 35.99% for 2022 and 2021, respectively).....	<u>\$ (190,865)</u>	<u>\$ (169,914)</u>

**26. COMMITMENTS**

At December 31, 2022 and 2021, the Company has commitments to purchase grain and other raw materials in the United States for approximately \$362,000 and \$314,000, respectively, which will be delivered during 2023 and in Mexico for approximately \$202,379 and \$337,394, respectively, which will be delivered during 2023. The Company has concluded that there is no embedded derivative as a result of these contracts.

At December 31, 2022 and 2021, the Company has commitments to purchase machinery and equipment in the United States for approximately \$29,000 and \$70,000, respectively.

**27. INVESTMENT IN VENEZUELA**

- A) Expropriation Proceedings and other measures by the Bolivarian Republic of Venezuela Government.-** On May 12, 2010, the Bolivarian Republic of Venezuela (the Republic or Venezuela’s Government”) published the Decree number 7.394 in the Official Gazette of Venezuela (the Expropriation Decree), ordering the forced acquisition of all assets, property and real estate of the Company’s indirect subsidiary in Venezuela, Molinos Nacionales, C.A. (MONACA), through an expropriation proceeding to be initiated and processed with the participation of several agencies of the Republic. The Republic stated that the Expropriation Decree also extends to the Company’s indirect subsidiary, Derivados de Maíz Seleccionado, DEMASECA, C.A. (DEMASECA). The Republic took initial steps to carry out an administrative expropriation procedure in accordance with the Expropriation Decree, but then suspended said procedure indefinitely, which is still suspended to this date, therefore the expropriation has not been carried out, but it could still be, as long as the procedure is not revoked or dismissed.

GRUMA’s interests in MONACA and DEMASECA are held through two Spanish companies, Valores Mundiales, S.L. (Valores Mundiales), and Consorcio Andino, S.L. (Consorcio Andino). In 2010, Valores Mundiales and Consorcio Andino (jointly, the “Investors” or the “Claimants”) commenced conversations with the Republic regarding the Expropriation Decree and other measures related to the same, affecting MONACA and DEMASECA. Through the Investors, GRUMA participated in these conversations, in order to resolve the controversy caused by the Expropriation Decree and other measures imposed by the Republic. These conversations ceased without resulting in an agreement with

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the Republic. By virtue of the Expropriation Decree, the Investors are not able to dispose the assets of MONACA and DEMASECA.

Venezuela and the Kingdom of Spain are parties to a Treaty on Reciprocal Promotion and Protection of Investments, dated November 2, 1995 (the Investment Treaty), under which the Investors may settle investment disputes by means of arbitration before the International Centre for Settlement of Investment Disputes (ICSID). On November 9, 2011, the Investors, MONACA and DEMASECA formally notified the Republic about the dispute and their agreement to submit said dispute to ICSID arbitration if the parties were unable to reach an amicable agreement.

On January 22, 2013, as part of a criminal proceeding unrelated to MONACA and DEMASECA against a third party where precautionary measures were issued for the insurance of the assets of said third party which, in an extra-limited way, included MONACA and DEMASECA, the Republic published the Administrative Providence number 004-13 dated January 21 of the same year (the "Providence") appointing special administrators for MONACA and DEMASECA granting them the broadest powers to execute actions for the continuity and non-interruption of the operation of companies and the broadest powers of administration to guarantee the safekeeping, custody, use and conservation of company assets. See section B) of this Note 27.

Consequently, in accordance with the provisions set forth in IFRS, the Company determined that as of January 22, 2013, it had lost the power to affect the variable returns of its subsidiaries in Venezuela and concluded that the appointment of special administrators with broad powers under the Providence had the effect of taking away its control over MONACA and DEMASECA and as a result, the Company proceeded to deconsolidate both subsidiaries and recognize its investment in Venezuela as a financial asset. Following the provisions set forth in IFRS, GRUMA performed impairment tests on the financial asset related to MONACA and DEMASECA and as of December 31, 2015, recognized an impairment of \$253,515 (Ps.4,362,108) corresponding to the total value of said asset.

On May 10, 2013, Valores Mundiales and Consorcio Andino submitted a Request for Arbitration to ICSID, which was registered on June 11, 2013 under case No. ARB/13/11. The purpose of the arbitration was to seek compensation for the damages caused by Venezuela's violation of the Investment Treaty. The tribunal that presided over this arbitration proceeding was constituted in January 2014.

On July 25, 2017, the tribunal decided the arbitration in favor of Valores Mundiales and Consorcio Andino, by dismissing the jurisdictional objections raised by the Republic and concluding that the Republic had violated provisions of the Investment Treaty. According to the Award issued by the arbitration tribunal, the Republic must pay \$430.4 million to Valores Mundiales and Consorcio Andino as damages resulting from its violation of certain provisions of the Investment Treaty, plus compound interest at Libor +2% since January 22, 2013, and until the Award's effective payment date. As of December 31, 2022, the award plus interest amounts to approximately \$591.9 million. The arbitration tribunal also ordered the Republic to pay \$5.9 million for legal expenses incurred by the Claimants during the arbitration. Both, the amount of the award plus interest and the legal expenses incurred by the Claimants, were not recorded since they are considered a contingent asset under IAS 37.

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In the Award, the arbitration tribunal granted most of the Claimants' claims and concluded that the Republic had violated the Investment Treaty by (i) not granting a fair and equitable treatment to the Claimants' investments; (ii) adopting arbitrary measures that hindered the management and evolution of the Claimants' investments; and (iii) preventing the free transfer of funds related to the Claimants' investments. The arbitration tribunal dismissed the indirect expropriation claim submitted by the Claimants, since the tribunal considered, amongst other reasons, that the administrative expropriation procedure ordered by the Expropriation Decree had not been concluded and the special administrators appointed by the Republic did not exercised control over the companies in a substantial way. The Claimants retain their right to commence a new claim against the Republic if the latter continues with the enforcement of the Expropriation Decree and materializes the transfer of the right of ownership of the assets subject to the Expropriation Decree.

On November 22, 2017, the Republic filed before the ICSID a request for annulment of the Award issued by the arbitration tribunal and the stay of enforcement of the same while said action is pending resolution. On December 7, 2017, ICSID registered the Republic's annulment request and provisionally stayed the enforcement of the Award. The Committee that will decide on the Award's annulment proceedings was finally constituted on May 23, 2018 ("Annulment Committee").

On June 4, 2018, the Republic formally requested that the Annulment Committee kept suspended the enforcement of the Award during the course of the annulment proceeding. After considering the arguments presented by the parties, on September 6, 2018, the Annulment Committee ordered the lifting of the provisional suspension of the enforcement of the Award, which allowed the Investors to begin legal actions to recognize and enforce the Award in different jurisdictions.

On December 21, 2021, the Annulment Committee notified the parties of its decision in the annulment proceeding of the Award initiated by the Republic, which was favorable to the Investors resolving (i) to reject in full the request for annulment of the Award raised by the Republic, (ii) to condemn the Republic to pay the Investors \$2,348 for costs, and (iii) order the Republic to pay ICSID \$660 for costs of the annulment proceedings. Against this resolution of the Annulment Committee, the Republic has no appeal, so the Award has become final.

On January 8, 2019, the Investors filed a complaint with the Federal District Court in Washington, D.C. requesting recognition of the Award. The complaint for recognition of the Award was notified to the Republic by consular means on July 26, 2019, granting a period to answer until September 24, 2019, without Venezuela responding. Consequently, on October 21, 2019, the Investors requested the Judge to issue a judgment recognizing the Award considering the Republic's default. On March 3, 2020, representatives of the Republic appeared in the proceedings, answered the lawsuit and presented their objections to the passing of a default judgment. On March 16, 2020, the Investors asked the Tribunal to issue a summary judgment against Venezuela, to which Venezuela later objected and argued in favor of a judgment against the recognition of the Award. On November 17, 2020, the Judge ordered the suspension of the award recognition proceeding until the award annulment proceeding was resolved. Since the procedure for annulment of the Award was resolved on December 2021, the Judge resumed the procedure for the recognition of the Award on January 2022. On August 3, 2022 the judge to whom the case was delegated recommended the District Judge to deny Venezuela's request for a summary judgment and to grant the Investors' request for a summary judgment. Venezuela objected this recommendation later that month. On September 2022, the Court notified the parties that the Judge in charge of the case was promoted to the Court of Appeals. The case has not been reassigned to another Judge, thus the Investors' request remains pending to be resolved, to date.

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Nevertheless, even though future discussions with the Republic could take place from time to time, the Company cannot assure that such discussions will be successful or will result in the Investors receiving adequate compensation, if any, for the violation to the Investment Treaty in the terms dictated in the Award or for the eventual enforcement of the Expropriation Decree or any other measure regarding MONACA, DEMASECA, and/or their respective assets, ordered or sanctioned by the Republic. Additionally, the Company cannot predict the results of the proceedings for the recognition and enforcement of the Award that the Investors commenced or may commence or the ramifications that costly and prolonged legal disputes could have on its results of operations or financial position, or the likelihood of collecting the Award.

On the other hand, the special administrators appointed through the Providence have been resigning their chargers, the last of them resigning at the end of 2018, without the Republic having appointed new special administrators, and since that moment there has been no direct or indirect participation by representatives of the Republic in the decision-making and management of the administration and operation of MONACA and DEMASECA, activities that up to this date are only carried out by MONACA and DEMASECA's management team, which is directed by its local Executive Committee in Venezuela, nevertheless, even if the positions of special administrators are still vacant, the terms of the Providence remain in effect, so the Republic may appoint new special administrators at any time. Although it could be concluded that some of the factual assumptions that were taken in account for the determination under IFRS regarding the loss of control no longer exist or have been mitigated, others as the existence of securing measures over the assets of MONACA and DEMASECA, the Providence, and the Expropriation Decree, still remain, so this does not change the previous conclusions following the IFRS guidelines regarding the loss of power of the Company to affect the variable returns of its subsidiaries in Venezuela and the control of MONACA and DEMASECA. Likewise, the macroeconomic indicators used to determine the devaluation of the investment in Venezuela have continued deteriorating due to the economic and social situation in that country that has been negatively impacted by hyperinflation and significant currency devaluation.

Given that the enforcement of the Award may present material challenges, the impact of the Award in the Company cannot be reasonably assessed at this time. The Investors, jointly with its legal counsel, will adopt appropriate measures to preserve and defend their legal interests.

On September 7, 2022, the companies MONACA and DEMASECA formally requested the Attorney General of the Republic to dismiss the Expropriation Decree, and to this date no formal response has been obtained.

- B) Intervention Proceedings by the Republic.-** Due to a criminal proceeding, not related with MONACA and DEMASECA, initiated in Venezuela by the Republic against Mr. Ricardo Fernández Barrueco, on December 4, 2009, the Eleventh Investigations Court for Criminal Affairs of Caracas issued an order authorizing the precautionary seizure of Mr. Fernández Barrueco's assets, including assets in which he had any kind of interest. Based on the purported indirect minority interest that ROTCH ENERGY HOLDINGS, N.V., (company supposedly linked to Mr. Fernández Barrueco), previously had in MONACA and DEMASECA. MONACA and DEMASECA were included by the Republic amongst the assets of Mr. Fernández Barrueco to be seized and therefore were subject to the aforementioned precautionary measure. As of December 10, 2009, the Autonomous Service of Registries and Notary Publics of Venezuela issued a communication, Circular number 0230-864, which prevents the insertion before the corresponding Mercantile Registry of acts related to the shareholders' meetings of MONACA and DEMASECA, preventing among other things, the sales of assets and updating the board of directors of MONACA and DEMASECA, as well as the payment of dividends,

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if any, to its shareholders. Between 2009 and 2012, the Ministry of Finance of Venezuela, pursuant to the precautionary measures ordered by the court and, for the purposes of enforcing them, appointed several special administrators regarding the assets of Mr. Fernandez Barrueco, including the indirect minority interest that Mr. Fernández Barrueco allegedly owned in MONACA and DEMASECA. On January 21, 2013, the Ministry of Justice and Internal Relations revoked the prior appointments made by the Ministry of Finance of Venezuela and made a new designation of special administrators in particular for MONACA and DEMASECA through the publication of the Providence, granting them the broadest powers to execute actions for the continuity and non-interruption of the operation of companies and the broadest powers of administration to guarantee the safekeeping, custody, use and conservation of the companies' assets.

As a result of the foregoing, MONACA and DEMASECA, as well as Consorcio Andino and Valores Mundiales, as direct shareholders of said companies, filed a petition as aggrieved third-parties to the criminal proceeding the Republic carried against Mr. Fernández Barrueco and that was not related to MONACA and DEMASECA, in order to revert the precautionary measures and all related actions, given that MONACA and DEMASECA were not and are not property of Mr. Fernández Barrueco and therefore should not have been affected by the precautionary measures established in the criminal proceeding against said person. On November 19, 2010, the Eleventh Investigations Court for Criminal Affairs of Caracas ruled that MONACA and DEMASECA are companies wholly owned and controlled by Valores Mundiales and Consorcio Andino, respectively. However, the court kept the precautionary measures issued on December 4, 2009 in effect, without substantiating their decision. An appeal has been filed, which after multiple requests for pronouncement and incidents raised, and after more than eleven years of its interposition, it was admitted on June 15, 2022, by the Eleventh Court of Control and assigned to the Fourth Chamber of the Court of Appeals of the Metropolitan Area of Caracas, who processed it, set the Reports Act and to whom the documentary evidence was presented. The Reports Act was held on January 10, 2023, on which a brief was submitted requesting for the appeal to be declared. The Office of the Attorney-General of the Republic and the Prosecutors of the Public Prosecutor's Office did not appear at the procedural Reports Act, on which they could contradict the evidence provided and the grounds for the appeal, as well as all other claims. Currently, the appeal has been pending resolution as of January 20, 2023, date on which the Attorney General's Office and the Prosecutors of the Public Prosecutor's Office right to observe the Written Reports submitted by the Legal Representative of the companies expired, without them exercising that right.

On July 30, 2014, the Twenty-Eighth Court in Trial Functions ordered the dismissal of the criminal case initiated by the Republic against Mr. Fernández Barrueco and ordered the lifting of all securing measures regarding his assets. This decision became final on July 18, 2017, by decision of the Chamber 1 of the Court of Appeals and its clarification of August 4, 2017, which ratifies the lifting of the measures for securing his assets. This decree of dismissal and the lifting of the securing measures regarding the assets of Mr. Fernández Barrueco, by firm decision, led to the decaying of the securing measures that were established against MONACA and DEMASECA, including the Providence, without as of this date existing any legal basis for such measures to remain in force. Therefore, in addition and regardless of the incident that had been promoted in the aforementioned criminal proceeding as injured third parties, on August 13, 2018, MONACA and DEMASECA requested that the Twenty-Eighth Trial Judge terminate and lift all precautionary measures decreed in the aforementioned criminal proceeding that affect these companies, including the Providence in which special administrators were appointed. MONACA and DEMASECA, continued ratifying this request on several occasions, orally before the Judge and in writing on October 29, 2018, October 3, 2019, August 19, 2021, February 15, 2022, and May 5, 2022, with no response. Finally, on May 17, 2022, the Trial Judge 28 of recognized the multiple requests and allowed the procedure for the admission of



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the appeal to continue, however, the Judge did not issue a decision regarding the request of August 13, 2018. Accordingly, on June 27, 2022, the Fourth Chamber of the Court of Appeals was requested to obtain all legal proceedings related to the request of August 13, 2018. The Court of Appeals favorably agreed to the request and ordered to collect the legal proceedings related to the request of August 13, 2018, which will be resolved jointly with the merits of the appeal against the judgment of November 19, 2010, of the Eleventh Control Judge, which ordered to maintain the securing measures.

Although since the end of 2018, with the resignation of the last special administrator appointed through the Providence and without the Republic having appointed new special administrators, the decision making and management of the administration and operation of MONACA and DEMASECA has been made solely by the management of MONACA and DEMASECA, which is directed by its local Executive Committee in Venezuela, the securing and preventive measures decreed by the Republic against MONACA and DEMASECA, including the Providence, as well as the Expropriation Decree, have generated legal uncertainty and have significantly hindered and made difficult the management and operation of MONACA and DEMASECA, its ability to process loans, enter into contracts, maintain foreign bank accounts, update its Foreign Investment Registry, approve its balance sheet, update its board of directors, obtain its own raw materials, among other acts that are indispensable for the operation of a business, that is why the local Executive Committee of MONACA and DEMASECA, despite its best efforts, is not in the position to ensure the continuity of the business.

The Company and its subsidiaries intend to exhaust all legal remedies available in order to safeguard and protect their legitimate interests.

**28. CONTINGENCIES**

Additionally to the situation mentioned in Note 27, the Company and its subsidiaries are subject to litigation arising during the normal course of business. It is the Company's policy to accrue for amounts related to these legal matters if it is probable that a liability has been incurred and an amount is reasonably estimable (see Note 16). In the opinion of management, the resolution of these matters will not have a material adverse effect on the Company's consolidated financial statements.

**29. RELATED PARTIES**

**A) TRANSACTIONS WITH RELATED PARTIES**

For the year ended December 31, 2022 and 2021, the Company did not perform transactions with related parties.

**B) KEY MANAGEMENT PERSONNEL COMPENSATION**

Key management includes Board members, alternate Board members, officers and members of the Audit Committee and Corporate Practice Committee. The compensation paid to key management for employee services is shown below:

	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits.....	\$ 17,208	\$ 16,188

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**C) BALANCES WITH RELATED PARTIES**

At December 31, 2022 and 2021, the Company had no balances with related parties.

**30. IMPACTS OF THE CONFLICT IN UKRAINE**

During February 2022, Russian military forces invaded Ukraine. This has resulted in the imposition of sanctions on Russia and Belarus by the United States of America, the United Kingdom, the European Union and other countries, as well as counter sanctions imposed by Russia to such countries. This has caused an abrupt change in the geopolitical situation, with significant uncertainty about the duration of the conflict.

The conflict has also contributed to increase volatility in foreign exchange markets, energy prices, raw materials and other input costs, as well as supply chain tensions and rising inflation in many countries.

The Company has assessed the consequences of this conflict in the consolidated financial statements, with the following conclusions:

Assessment of control: In accordance with IFRS 10 "Consolidated Financial Statements" the Company has evaluated and confirms that the changes in the legal and operating environment of its subsidiaries located in Russia and Ukraine have not affected the ability to exercise control over the entities in these countries.

Goodwill impairment: In March 2022, the Company recognized a non monetary impairment charge of \$2,003 in the operating results in "Other (expenses) income, net" due to the goodwill impairment of the cash-generating unit "Altera, LLC" located in Ukraine and associated with the Corn flour and packaged tortilla Europe business segment. This impairment loss reflects a decrease in the recoverable amount of the CGU due to the impact of the Russian invasion in February 2022.

The impact in the operations of the subsidiaries located in Ukraine and Russia in the year was not material to consolidated revenues, operating income and consolidated financial position.

The Company will continue to monitor the events resulting from this ongoing conflict, evaluating the options available to try to mitigate a greater risk of loss and we will continue to evaluate the possible impact on the investment in these subsidiaries.

**31. FINANCIAL STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company's financial position or results of operations.

[ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY]

Lic. Thomas S. Heather  
Chairman of the Audit Committee  
Gruma, S.A.B. de C.V.  
Calzada del Valle, No 407  
Col. Del Valle  
66220 Garza Garcia, N.L.

Monterrey, N.L., April 5, 2023

Dear Mr. Heather,

In compliance with the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission (Commission) that hire External Auditing for Basic Financial Statements Services (Provisions) issued on April 26, 2018, as amended, I hereby declare in accordance with article 37 of said Provisions, the following, in connection with the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2022, as well as in my capacity as the legal representative of the Firm in those points that refer specifically to the Firm itself, that:

- I. I am a certified public accountant with the valid registration number 17646 in the General Administration Federal Tax Audit (*Administración General de Auditoría Fiscal Federal*) (AGAFF), of the Tax Administration Service, issued on September 8, 2010. Additionally, the Firm I work in has the valid registration number 06839 in the AGAFF issued on August 12, 1999. Additionally, I comply with the other requirements indicated in articles 4 and 5 of the Provisions. To this date, both registrations are currently in force.
- II. From the date on which I provide my External Audit services, during the development of the same and until the issuance of the corresponding External Audit report, as well as the required communications and opinions in accordance with those indicated in Article 15 of the Provisions, as applicable, I comply with the requirements referred to in articles 4 and 5 of the Provisions. I also state that the Firm complies with the provisions of articles 6, 9 and 10, in relation to article 14 of the Provisions.
- III. That the Firm has documentary evidence of the implemented quality control system referred to in Article 9 of the Provisions and participates in a quality evaluation program that conforms to the requirements contemplated in Article 12 of the Provisions.
- IV. I grant my express consent to provide the Commission with the information it requires in order to verify compliance with the requirements described above.
- V. The Firm I work in, is obligated to keep physically or through digital images, or optical or electromagnetic means and for a period of not less than 5 years from the conclusion of the audit, all the documentation, information and other elements of judgment that cover the compliance of the previous requirements.

VI. I have audited the basic financial statements of the Entity for 2 years; also, the Firm in which I work has provided the external audit service for approximately 32 years.

PricewaterhouseCoopers, S.C.

/S/

C.P.A. Felipe Córdova Otero  
Audit Partner and Legal Representative

*[ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY]*

Lic. Thomas S. Heather  
Chairman of the Audit Committee  
Gruma, S.A.B. de C.V.  
Calzada del Valle, No. 407, Col. Del Valle  
66220 Garza Garcia, N.L.

Monterrey, N.L., April 26, 2023

Dear Mr. Heather,

In relation to the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2022 and 2021 and in compliance with the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission that Hire External Auditing for Basic Financial Statements Services (Provisions), issued on April 26, 2018, as amended, I hereby grant my consent for the Issuer to include in the annual information referred to in articles 33, section I, subparagraph b), number 1 of the General Provisions Applicable to Securities' Issuers and other Securities Market's Participants, the audit report on the financial statements issued by me as an Audit Partner.

The above, in the understanding that I previously ensured that the information contained in the basic financial statements included in the corresponding annual report, as well as any other financial information contained in said document which derive from the referred financial statements or the audit report presented by me, corresponds to the audited information, in order for said information to become of public knowledge.

PricewaterhouseCoopers, S.C.  
/S/  
C.P.A. Felipe Córdova Otero  
Audit Partner and Legal Representative

[ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY]

Lic. Thomas S. Heather  
Chairman of the Audit Committee  
Gruma, S.A.B. de C.V.  
Calzada del Valle, No. 407, Col. Del Valle  
66220 Garza Garcia, N.L.

Monterrey, N.L., April 26, 2023

Dear Mr. Heather,

In relation to the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2020, and in compliance with the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission that Hire External Auditing for Basic Financial Statements Services (Provisions), issued on April 26, 2018, as amended, I hereby grant my consent for the Issuer to include in the annual information referred to in articles 33, section I, subparagraph b), number 1. of the General Provisions Applicable to Securities' Issuers and other Securities Market's Participants, the audit report on the financial statements issued by me as an Audit Partner.

The above, in the understanding that I previously ensured that the information contained in the basic financial statements included in the corresponding annual report, as well as any other financial information contained in said document which derive from the referred financial statements or the audit report presented by me, corresponds to the audited information, in order for said information to become of public knowledge.

PricewaterhouseCoopers, S.C.

/S/

C.P.A. Víctor Vecchi  
Audit Partner

/S/

C.P.A. Felipe Córdova Otero  
Legal Representative

GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES  
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GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021 AND 2020

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## Independent Auditors' Report

To the Stockholders and Board members of  
Gruma, S. A. B. de C. V.

### Opinion

We have audited the accompanying consolidated financial statements of Gruma, S. A. B. de C. V. and subsidiaries (the Company), which comprise the consolidated balance sheet at December 31, 2021, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information.

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

### Basis for opinion

We have conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent of the Company in accordance with the Professional Code of Ethics Standards of the Mexican Institute of Public Accountants (*Instituto Mexicano de Contadores Públicos, A.C.*) as well as other ethical requirements applicable to our audits of consolidated financial statements in Mexico. We have fulfilled all other ethical responsibilities in accordance with those requirements and Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole, and in forming our opinion on them; therefore, we do not provide a separate opinion on these matters.



## Key audit matter

### 1. *Evaluation of goodwill for impairment*

As mentioned in Notes 3-H and 12 to the consolidated financial statements, the Company annually estimates the recoverable value of its cash generating units (CGUs) associated with goodwill to evaluate said goodwill for impairment.

We have focused on this matter mainly for the following reasons: 1) the importance of the carrying amount of goodwill (Ps 3,432 million at December 31, 2021); 2) the estimate of the recoverable value of the CGUs for which goodwill has been recognized because it involves significant Management judgments, including possible changes in the economic context where the CGUs relating to goodwill operate.

Our audit effort particularly involved the CGUs in the United States of America and Spain, due to their relevance. We focus on the significant judgments relating to the future results of the business, income growth rates and discount rates applied to the projected future cash flows.

## How our audit addressed the key audit matter

Regarding the CGUs in the United States of America and Spain, we have performed sensitivity tests and discussed their results with Management. We also evaluated the degree in which the assumptions will need to be modified to recognize an impairment in order to define the nature and the scope of the procedures applied to each CGU based on their risk level, as follows:

We performed an understanding of the processes followed by Management to determine the projections of future cash flows; we also evaluated whether Management had made the projections in line with the established processes and how it exercises timely supervision, and whether the determined projections are consistent with the budgets approved by the Administrative Board.

We compared actual results for the current year with the figures budgeted for this year in the previous fiscal year, to evaluate whether any assumption included in the projections may be considered very optimistic or unrealistic, in conformity with the Company's history.

We compared the models applied in determining the recoverable value of assets with the methods used and recognized for the valuation of assets with similar characteristics.

We challenged and compared, with the support of our appraisers, the significant judgments and assumptions used by Management in the projections relating to its:

- Long-term income growth rates, by comparing them with the historical growth trend of the CGU and the growth rates expected in the industry; and
- The discount rate, when evaluating the cost of capital for the Company and comparable companies, also considering the factors specific to the territory.



## 2. Risk hedging with financial instruments

As mentioned in Notes 4 and 20 to the consolidated financial statements, the Company entered into basic or standard derivative contracts which do not have complex characteristics and their objective is to hedge the risk carried by price changes and supply of certain inputs. These derivative financial instruments are related mainly to corn call and put options, wheat and soybean futures, gas, diesel, wheat, corn and interest rate swaps and currency forward contracts and option contracts, mainly in Mexico and the United States of America. Derivative financial instrument assets amount to Ps 967 million and derivative financial instrument liabilities, to Ps 103 million.

We have focused on the review of this matter, primarily because of the number of transactions conducted with derivative financial instruments according to the Company's operating needs and in view of their importance in the context of financial statements taken as a whole, not only for the valuation of those instruments, but for the effects they could have on the results for the year as well.

Particularly, we have made every audit effort to review the key input data used in the valuation of those instruments, such as the exchange rate value and the values of commodities (gas, wheat and corn) at the valuation date.

We have applied the following procedures as part of our audit:

- We understood the corporate governance controls relating to the approval of these transactions and the determination of fair value.
- We discussed with the Audit Committee the monitoring of the use of derivative financial instruments by the Company.

On selective test bases:

- We inspected the evidence of authorization of new derivative contracts during the year, by the executives designated for such purposes.
- We obtained confirmations from the counterparties of the existence of instruments with open positions at December 31, 2021.
- With the support of our appraisers, we have independently determined the fair value of a sample of derivative financial instruments using valuation models commonly accepted in the industry and gathering data from market sources, and compared them with the values determined by Management.
- We inspected the financial settlements in gains and losses on termination of derivative contracts.
- We compared the key input data with the exchange rate value and the values of commodities (gas, wheat and corn) used in determining the fair value with data from independent and recognized market sources at the valuation date.



### **Additional information**

Company Management is responsible for the Other Information presented. The Other Information comprises the Annual Report submitted to the National Securities and Banking Commission (CNBV) (but does not include the consolidated financial statements or this Independent Auditors' Report), which will be issued after the date of this report.

The Other Information is not covered by this opinion on the consolidated financial statements, and we do not express any audit conclusion on it.

However, in connection with our audit of the consolidated financial statements of the Company, our responsibility is to read the Other Information when it is available and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to contain a material misstatement.

Upon reading the Other Information, not yet received, we shall issue the declaration on the Annual Report required by the CNBV and, should we detect that it contains a material misstatement, we must communicate it to those charged with the Company's governance and mention it on our report, if applicable.

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

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue operating as a going concern, disclosing as applicable, matters relating to going concern issues and using the going concern basis of accounting unless Management intends to liquidate the Company or to discontinue operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 ISA 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 made by users on the basis of the consolidated financial statements.

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

- Identify and assess the risks of material misstatement in 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 Company'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 to prepare the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit 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 until the date of our audit report. However, future events or conditions may cause the Company to cease to continue operating 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 present fairly the underlying transactions and events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the economic group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. 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 on our fulfillment of relevant ethical requirements regarding independence and communicate any relationship and other matters that might reasonably affect our independence and, when applicable, the pertinent actions taken to reduce threats or the related safeguards.

Among the matters that have been communicated to those charged with the Company's governance, we determine those of most significance in the audit of the consolidated financial statements for the current year, which are, consequently, the key audit matters. We describe these matters in our audit report unless laws or regulations preclude public disclosure about the matters 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.

Following is the name of the Audit Partner.

PricewaterhouseCoopers, S.C.

**[Spanish original version signed by:]**

Certified Public Accountant Felipe Córdova Otero  
Audit Partner

Monterrey, N. L., April 6, 2022

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF DECEMBER 31, 2021 AND 2020**  
(In thousands of Mexican pesos - Ps)  
(Notes 1, 2 and 3)

<b>A s s e t s</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Current:</b>			
Cash and cash equivalents.....	6	Ps. 5,248,129	Ps. 6,172,754
Derivative financial instruments.....	20	967,864	1,064,769
Accounts receivable, net.....	7	10,503,313	9,921,714
Inventories.....	8	14,899,818	11,944,943
Recoverable income tax.....		545,691	431,344
Prepaid expenses.....		650,636	464,859
Total current assets.....		32,815,451	30,000,383
<b>Non-current:</b>			
Long-term notes and accounts receivable.....	9	238,249	269,274
Property, plant and equipment, net.....	10	33,915,050	31,044,031
Right-of-use assets.....	11	5,954,646	6,198,838
Intangible assets, net.....	12	3,994,177	3,952,582
Deferred tax.....	13	1,858,008	2,310,978
Total non-current assets.....		45,960,130	43,775,703
<b>Total Assets.....</b>		<b>Ps. 78,775,581</b>	<b>Ps. 73,776,086</b>
<b>L i a b i l i t i e s</b>			
<b>Current:</b>			
Short-term debt.....	14	Ps. 1,125,484	Ps. 2,720,179
Short-term lease liability.....	11	772,660	717,338
Trade accounts payable.....	15	8,754,924	6,220,081
Derivative financial instruments.....	20	95,720	1,047,715
Provisions.....	16	202,789	127,093
Income tax payable.....		514,431	413,385
Other current liabilities.....	17	5,363,559	5,292,633
Total current liabilities.....		16,829,567	16,538,424
<b>Non-current:</b>			
Long-term debt.....	14	23,335,419	20,155,237
Long-term lease liability.....	11	5,795,113	5,962,332
Derivative financial instruments.....	20	7,359	181,110
Provision for deferred taxes.....	13	1,382,887	1,259,007
Employee benefits obligations.....	18	1,116,927	1,088,390
Provisions.....	16	646,332	740,576
Other non-current liabilities.....		99,542	179,309
Total non-current liabilities.....		32,383,579	29,565,961
<b>Total Liabilities.....</b>		<b>49,213,146</b>	<b>46,104,385</b>
<b>E q u i t y</b>			
<b>Controlling interest:</b>			
Common stock.....	19	4,722,600	4,924,197
Reserves.....		3,717,853	2,163,650
Retained earnings.....	19	21,144,797	20,596,419
Total controlling interest.....		29,585,250	27,684,266
Non-controlling interest.....		(22,815)	(12,565)
<b>Total Equity.....</b>		<b>29,562,435</b>	<b>27,671,701</b>
<b>Total Equity and Liabilities.....</b>		<b>Ps. 78,775,581</b>	<b>Ps. 73,776,086</b>

The accompanying notes are an integral part of these consolidated financial statements.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(In thousands of Mexican pesos – Ps, except per-share data)**  
**(Notes 1, 2 and 3)**

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Net sales.....	5	Ps. 94,250,381	Ps. 91,103,131
Cost of sales.....	21	<u>(60,350,117)</u>	<u>(56,260,258)</u>
<b>Gross profit.....</b>		33,900,264	34,842,873
Selling and administrative expenses.....	21	(23,314,889)	(23,408,562)
Other income (expenses), net.....	22	<u>697,760</u>	<u>(85,906)</u>
<b>Operating income.....</b>		11,283,135	11,348,405
Comprehensive financing cost, net.....	24	<u>(1,664,428)</u>	<u>(2,871,157)</u>
<b>Income before income tax.....</b>		9,618,707	8,477,248
Income tax expense.....	25	<u>(3,461,998)</u>	<u>(3,096,822)</u>
<b>Consolidated net income from continuing operations.....</b>		6,156,709	5,380,426
Loss from discontinued operations.....		<u>(637)</u>	<u>(11,430)</u>
<b>Consolidated net income.....</b>		<u>Ps. 6,156,072</u>	<u>Ps. 5,368,996</u>
Attributable to:			
Shareholders.....		Ps. 6,155,581	Ps. 5,368,058
Non-controlling interest.....		491	938
		<u>Ps. 6,156,072</u>	<u>Ps. 5,368,996</u>
<b>From continued operations:</b>			
Basic and diluted earnings per share (pesos).....		<u>Ps. 15.75</u>	<u>Ps. 13.30</u>
<b>From discontinued operations:</b>			
Basic and diluted losses per share (pesos).....		<u>Ps. -</u>	<u>Ps. (0.03)</u>
<b>From continued and discontinued operations:</b>			
Basic and diluted earnings per share (pesos).....		<u>Ps. 15.75</u>	<u>Ps. 13.27</u>
Weighted average shares outstanding (thousands).....		<u>390,875</u>	<u>404,552</u>

The accompanying notes are an integral part of these consolidated financial statements.



**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
**(In thousands of Mexican pesos - Ps)**  
**(Notes 1, 2 and 3)**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Consolidated net income.....</b>		Ps. 6,156,072	Ps. 5,368,996
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of employment benefit obligations.....	18	30,247	(82,072)
Income taxes.....	13	(5,338)	16,093
		24,909	(65,979)
Items that will be subsequently reclassified to profit or loss:			
Foreign currency translation adjustments.....		49,411	1,942,009
Reserve for cash flow hedges.....		2,026,728	(124,927)
Other.....		(16,567)	(3,754)
Income taxes.....	13	(156,040)	(93,495)
		1,903,532	1,719,833
Other comprehensive income, net of tax.....		1,928,441	1,653,854
<b>Total comprehensive income.....</b>		Ps. 8,084,513	Ps. 7,022,850
Total comprehensive income for the period is attributable to:			
Shareholders.....		Ps. 8,084,485	Ps. 7,023,582
Non-controlling interest.....		28	(732)
		Ps. 8,084,513	Ps. 7,022,850
Total comprehensive income for the period is attributable to shareholders arises from:			
Continuing operations.....		Ps. 8,085,122	Ps. 7,035,012
Discontinued operations.....		(637)	(11,430)
		Ps. 8,084,485	Ps. 7,023,582

The accompanying notes are an integral part of these consolidated financial statements.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(In thousands of Mexican pesos - Ps)  
(Notes 1, 2 and 3)

	Common stock (Note 19-A)		Reserves					Total equity
	Number of shares (thousands)	Amount	Foreign currency translation (Note 19-C)	Cash flow hedges and other reserves (Note 20-C)	Retained earnings and other reserves (Note 19-B)	Total controlling interest	Non-controlling interest	
<b>Balances at January 1, 2020</b> .....	413,144	Ps. 5,120,602	Ps. 394,845	Ps. (100,241)	Ps. 20,574,206	Ps. 25,989,412	Ps. (11,878)	Ps. 25,977,534
Transactions with owners of the Company:								
Dividends paid (Ps. 5.64 per share).....					(2,280,126)	(2,280,126)	-	(2,280,126)
Purchase of own shares.....	(15,847)	(196,405)	-	-	(2,996,006)	(3,192,411)	-	(3,192,411)
	(15,847)	(196,405)	-	-	(5,276,132)	(5,472,537)	-	(5,472,537)
Costs of cash flow hedging transferred to the carrying value of inventory purchased during the year, includes taxes of Ps. (32,260).....	-	-	-	143,809	-	143,809	45	143,854
	(15,847)	(196,405)	-	143,809	(5,276,132)	(5,328,728)	45	(5,328,683)
Comprehensive income:								
Net income of the year.....	-	-	-	-	5,368,058	5,368,058	938	5,368,996
Foreign currency translation adjustment (includes taxes of Ps.(11,648)).....	-	-	1,931,912	-	-	1,931,912	(1,551)	1,930,361
Remeasurement of employment benefit obligations (includes taxes Ps.16,093).....	-	-	-	-	(65,959)	(65,959)	(20)	(65,979)
Cash flow hedges (includes taxes of Ps.81,847).....	-	-	-	(206,675)	-	(206,675)	(99)	(206,774)
Other .....	-	-	-	-	(3,754)	(3,754)	-	(3,754)
Comprehensive income of the year.....	-	-	1,931,912	(206,675)	5,298,345	7,023,582	(732)	7,022,850
<b>Balances at December 31, 2020</b> .....	397,297	Ps. 4,924,197	Ps. 2,326,757	Ps. (163,107)	Ps. 20,596,419	Ps. 27,684,266	Ps. (12,565)	Ps. 27,671,701
Transactions with owners of the Company:								
Dividends paid (Ps. 5.20 per share).....	-	-	-	-	(2,047,281)	(2,047,281)	(774)	(2,048,055)
Effect on minority share purchase.....	-	-	-	-	-	-	(9,504)	(9,504)
Purchase of own shares.....	(16,265)	(201,597)	-	-	(3,568,264)	(3,769,861)	-	(3,769,861)
	(16,265)	(201,597)	-	-	(5,615,545)	(5,817,142)	(10,278)	(5,827,420)
Costs of cash flow hedging transferred to the carrying value of inventory purchased during the year, includes taxes of Ps. 114,568.....	-	-	-	(366,359)	-	(366,359)	-	(366,359)
	(16,265)	(201,597)	-	(366,359)	(5,615,545)	(6,183,501)	(10,278)	(6,193,779)
Comprehensive income:								
Net income of the year.....	-	-	-	-	6,155,581	6,155,581	491	6,156,072
Foreign currency translation adjustment (includes taxes of Ps. 177,166).....	-	-	227,040	-	-	227,040	(463)	226,577
Remeasurement of employment benefit obligations (includes taxes Ps. (5,338)).....	-	-	-	-	24,909	24,909	-	24,909
Cash flow hedges (includes taxes of Ps.(333,206)).....	-	-	-	1,693,522	-	1,693,522	-	1,693,522
Other .....	-	-	-	-	(16,567)	(16,567)	-	(16,567)
Comprehensive income of the year.....	-	-	227,040	1,693,522	6,163,923	8,084,485	28	8,084,513
<b>Balances at December 31, 2021</b> .....	381,032	Ps. 4,722,600	Ps. 2,553,797	Ps. 1,164,056	Ps. 21,144,797	Ps. 21,144,797	Ps. (22,815)	Ps. 29,562,435

The accompanying notes are an integral part of these consolidated financial statements.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(In thousands of Mexican pesos - Ps)  
(Notes 1, 2 and 3)

	Note	2021	2020
Operating activities:			
<b>Income before taxes</b> .....		Ps. 9,618,707	Ps. 8,477,248
Derivative financial instruments.....	20 and 22	(414,174)	18,634
Foreign exchange loss from working capital.....		33,952	1,031,811
Net cost of the year for employee benefit obligations.....		337,086	369,454
Allowance for doubtful accounts.....		44,383	154,368
Damaged, slow-moving and obsolete inventory.....		170,843	176,047
Items related with investing activities:			
Depreciation and amortization.....		3,653,275	3,693,754
Impairment of long-lived assets.....		50,541	351,994
Interest income.....		(33,882)	(47,212)
Gain in sale of fixed assets and damaged assets.....	22	(172,655)	(11,263)
Items related with financing activities:			
Derivative financial instruments.....	20 and 24	15,082	203,340
Foreign exchange (gain) loss from debt.....		(9)	656
Foreign exchange loss from lease liability.....		11,419	17,901
Interest expense.....		1,361,253	1,434,422
		<u>14,675,821</u>	<u>15,871,154</u>
Accounts receivable.....		1,494,017	(308,944)
Inventories.....		(3,173,907)	(668,420)
Prepaid expenses.....		(191,168)	54,649
Trade accounts payable.....		2,512,832	411,074
Accrued liabilities and other accounts payables.....		(672,471)	1,144,699
Income taxes paid.....		(2,971,622)	(3,291,022)
Payments of employee benefits obligations.....		(279,557)	(342,199)
		<u>(3,281,876)</u>	<u>(3,000,163)</u>
<b>Net cash flows from operating activities</b> .....		<u>11,393,945</u>	<u>12,870,991</u>
Investing activities:			
Acquisitions of property, plant and equipment.....	5 and 10	(5,826,475)	(3,702,481)
Sale of property, plant and equipment.....		707,135	117,793
Acquisition of intangible assets.....	12	(123,749)	(21,449)
Interests collected.....		33,877	47,204
Other.....		(56,539)	(35,401)
<b>Net cash flows used in investing activities</b> .....		<u>(5,265,751)</u>	<u>(3,594,334)</u>
<b>Cash to be used in financing activities</b> .....		<u>6,128,194</u>	<u>9,276,657</u>
Financing activities:			
Proceeds from debt.....	14	20,686,784	13,754,921
Payment of debt.....	14	(19,528,656)	(13,446,468)
Payment of lease liability.....		(895,209)	(760,382)
Interests paid.....		(1,017,350)	(1,088,271)
Interests paid on lease liability.....		(331,425)	(353,646)
Derivative financial instruments collected.....		(15,082)	(203,340)
Purchase of own shares.....		(3,802,207)	(3,226,518)
Purchase of non-controlling interest shares.....		-	(625)
Dividends paid.....		(2,132,671)	(2,081,675)
<b>Net cash flows used in financing activities</b> .....		<u>(7,035,816)</u>	<u>(7,406,004)</u>
Net (decrease) increase in cash and cash equivalents.....		(907,622)	1,870,653
Exchange differences on cash.....		(17,003)	358,600
<b>Cash and cash equivalents at the beginning of the year</b> .....		<u>6,172,754</u>	<u>3,943,501</u>
<b>Cash and cash equivalents at the end of the year</b> .....		<u>Ps. 5,248,129</u>	<u>Ps. 6,172,754</u>

The accompanying notes are an integral part of these financial statements.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2021 AND 2020**  
**(In thousands of Mexican pesos - Ps, except where otherwise indicated)**

**1. ENTITY AND OPERATIONS**

Gruma, S.A.B. de C.V. (GRUMA) is a Mexican company with subsidiaries located in Mexico, the United States of America, Central America, Europe, Asia and Oceania, together referred to as the “Company”. The Company’s main activities are the production and sale of corn flour, tortillas and related products.

GRUMA is a publicly held corporation (*Sociedad Anónima Bursátil de Capital Variable*) organized under the laws of Mexico. The address of its registered office is Calzada del Valle 407 in San Pedro Garza García, Nuevo León, Mexico. GRUMA is listed on the Mexican Stock Exchange.

The consolidated financial statements were authorized by the Chief Administrative Office of the Company on April 6, 2022.

**2. BASIS OF PREPARATION**

The consolidated financial statements of Gruma, S.A.B. de C.V. and Subsidiaries for all the periods presented have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The IFRS also include the International Accounting Standards (IAS) in force, as well as all the related interpretations issued by the IFRS Interpretations Committee, including those previously issued by the Standing Interpretations Committee.

The Company adopted the following amendments that were effective starting January 1, 2021, which had no impact on the Company’s financial position or results of operations:

- Amendment to IFRS 16, Leases, COVID 19 – Related rent concession.
- Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments, IFRS 7 – Financial Instruments, Disclosures and IFRS 16 - Leases – Benchmark Interest Rate Reform. (see Note 4).

**A) BASIS OF MEASUREMENT**

The consolidated financial statements have been prepared based on historical cost, except for the fair value of certain financial instruments as described in the policies shown below (see Note 3-K).

The preparation of financial statements requires that management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates. The key factors in the estimates and assumptions remain the same as those applied in the previous year.

**B) FUNCTIONAL AND PRESENTATION CURRENCY**

The consolidated financial statements are presented in Mexican pesos, which is the functional currency of GRUMA.

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**C) USE OF ESTIMATES AND JUDGMENTS**

The relevant estimates and assumptions are reviewed on a regular basis. The revisions of accounting estimates are recognized in the period in which the estimate is reviewed and in any future period that is affected.

In particular, the information for assumptions, uncertainties from estimates, and critical judgments in the application of accounting policies, that have the most significant effect in the recognized amounts in these consolidated financial statements are described below:

- The assumptions used for the determination of fair values of financial instruments (Note 20).
- The assumptions and uncertainties with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income (Notes 13 and 25).
- The key assumptions in impairment testing for long-lived assets used for the determination of the recoverable amount for the different cash generating units (Notes 10 and 12).
- The actuarial assumptions used for the determination of employee benefits obligations (Note 18).

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) BASIS OF CONSOLIDATION**

**a. Subsidiaries**

The subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are incorporated in the consolidated financial statements starting on the date on which the control begins, until the date such control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Company.

At December 31, 2021 and 2020, the main subsidiaries included in the consolidation are:

	<b>% of ownership</b>	
	<b>2021</b>	<b>2020</b>
Gruma Corporation and subsidiaries.....	100.00	100.00
Grupo Industrial Maseca, S.A. de C.V. and subsidiaries.....	100.00	99.93
Gruma International Foods, S.L. and subsidiaries.....	100.00	100.00
Mission Foods México, S. de R.L. de C.V.....	100.00	100.00

At December 31, 2021 and 2020, there were no significant restrictions for the investment in the subsidiaries mentioned above, except for those described in Note 27.

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**b. Transactions with non-controlling interest without change of control**

The Company applies a policy of treating transactions with non-controlling interest as transactions with equity owners of the Company. When purchases from non-controlling interest take place, the difference between any consideration paid and the relevant interest acquired of the carrying value of net assets of the subsidiary is recognized as equity transactions; therefore, no goodwill is recognized with these acquisitions. Disposals of non-controlling interests result in gains or losses for the Company and are recorded in equity when there is no loss of control.

**c. Business combinations**

Business combinations are recognized through the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is measured as the fair value of the assets transferred, the liabilities incurred by the Company with the previous owners and the equity instruments issued by the Company. The cost of an acquisition also includes the fair value of any contingent payment.

The related acquisition costs are recognized in the income statement when incurred.

Identifiable assets acquired, liabilities assumed and contingent liabilities in a business combination are measured at fair value at the acquisition date.

The Company recognizes any non-controlling interest as the proportional share of the net identifiable assets of the acquired entity.

The Company recognizes goodwill when the cost including any amount of non-controlling interest in the acquired entity exceeds the fair value at acquisition date of the identifiable assets acquired and liabilities assumed.

When the entity or entities acquired are, before and after the acquisition, ultimately controlled by the same entity, and such control is not temporary, it is assumed that the entities are under common control and therefore, there is no business combination. Transactions and exchanges between entities under common control are recognized on the basis of the carrying value of assets and liabilities transferred on the date of the transaction, and therefore, goodwill is not recognized.

**B) FOREIGN CURRENCY**

**a. Transactions in foreign currency**

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates effective at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The differences that arise from the translation of foreign currency transactions are recognized in the income statement.

**b. Foreign currency translation**

The financial statements of the Company's entities are measured using the currency of the main economic environment where each entity operates (functional currency). The consolidated financial statements are presented in Mexican pesos, currency that corresponds to the presentation currency of the Company.

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The financial position and results of the entities that have a functional currency which differs from the Company's presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate of the year.
- Income and expenses are translated at average exchange rates when it has not fluctuated significantly during the period.
- Equity is translated at the effective exchange rate in the date when the contributions were made and the earnings were generated.
- All resulting exchange differences are recognized in other comprehensive income as a separate component of equity denominated "Foreign currency translation adjustments".

Previous to the translation to Mexican pesos, the financial statements of foreign subsidiaries with functional currency from a hyperinflationary environment are adjusted by inflation in order to reflect the changes in purchasing power of the local currency. Subsequently, assets, liabilities, equity, income, costs, and expenses are translated to the presentation currency at the closing rate at the end of the period. To determine the existence of hyperinflation, the Company evaluates the qualitative characteristics of the economic environment, as well as the quantitative characteristics established by IFRS of an accumulated inflation rate equal or higher than 100% in the past three years.

The Company applies hedge accounting to foreign exchange differences originated between the functional currency of a foreign subsidiary and the functional currency of the Company. Exchange differences resulting from the translation of a financial liability designated as hedge for a net investment in a foreign subsidiary, are recognized in "other comprehensive income" as a separate component denominated "Foreign currency translation adjustments" while the hedge is effective. See Note 3-K for the accounting of the net investment hedge.

The closing exchange rates used for preparing the financial statements are as follows:

	<b>As of December 31, 2021</b>	<b>As of December 31, 2020</b>
Pesos per U.S. dollar.....	20.5835	19.9487
Pesos per Euro.....	23.3046	24.5130
Pesos per Swiss franc.....	22.5252	22.5996
Pesos per Australian dollar.....	14.9145	15.3251
Pesos per Chinese yuan.....	3.2326	3.0538
Pesos per Pound sterling.....	27.7815	27.1502
Pesos per Malaysian ringgit.....	4.9269	4.9421
Pesos per Costa Rica colon.....	0.0319	0.0323
Pesos per Ukrainian hryvnia.....	0.7536	0.7056
Pesos per Russian ruble.....	0.2771	0.2700
Pesos per Turkish lira.....	1.5861	2.7176

**C) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash and short term highly liquid investments with original maturities of less than three months. These items are recognized at historical cost, which do not differ significantly from its fair value.

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**D) ACCOUNTS RECEIVABLE**

Trade receivables are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method, less provision for impairment. The Company has determined that the amortized cost does not represent significant differences with respect to the invoiced amount from short-term trade receivables, since the transactions do not have relevant associated costs.

Allowances for doubtful accounts or impairment represent expected future credit losses. The recognition of these losses is obliged since the moment the trade receivable is recognized.

**E) INVENTORIES**

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the average cost method. The net realizable value is the estimated selling price of inventory in the normal course of business, less applicable variable selling expenses. The cost of finished goods and production in process includes raw materials, direct labor, other direct costs and related production overheads. Cost of inventories could also include the transfer from comprehensive income within equity of any gains or losses on cash flow hedges for purchases of raw materials.

**F) PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are valued at acquisition cost, less accumulated depreciation and recognized impairment losses. Cost includes expenses that are directly attributable to the asset acquisition.

Subsequent costs, including major improvements, are capitalized and are included in the carrying value of the asset or recognized as a separate asset, only when it is probable that future economic benefits associated with the specific asset will flow to the Company and the costs can be measured reliably. Repairs and maintenance are recognized in the income statement when incurred. Major improvements are depreciated during the remaining useful life of the related asset. Replacement and spare parts that the Company expects to use in more than one year and are attributable to a specific machine should be recognized within Property, plant and equipment. Leasehold improvements are depreciated in accordance with the useful life of the improvement component or the remaining lease term. Land is not depreciated.

Costs of borrowings, general and specific, of qualifying assets that require a substantial period of time (over one year) for acquisition or construction, are capitalized as part of the acquisition cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

Depreciation is calculated over the asset cost less residual value, considering its components separately. Depreciation is recognized in income using the straight-line method and applying annual rates that reflect the estimated useful lives of the assets. The estimated useful lives are summarized as follows:

	<u>Years</u>
Buildings.....	25 – 50
Machinery and equipment.....	5 – 25



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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses from sale of assets result from the difference between revenues of the transaction and the book value of the assets, which is included in the income statement as other income (expenses), net.

**G) INTANGIBLE ASSETS**

**a. Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment, or whenever the circumstances indicate that the value of the asset might be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to the operating segment.

**b. Intangible assets with finite useful lives**

Intangible assets with finite useful lives are carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

	<u>Years</u>
Non-compete agreements.....	3 - 20
Patents and trademarks.....	3 - 20
Customer lists.....	5 - 20
Software for internal use.....	3 - 7

**c. Intangible assets with indefinite useful lives**

Intangible assets with indefinite useful lives are not amortized, but subject to impairment tests on an annual basis or whenever the circumstances indicate that the value of the asset might be impaired.

**d. Research and development**

Research costs are expensed when incurred.

Costs from development activities are recognized as an intangible asset when such costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits will be obtained, and the Company pretends and has sufficient resources in order to complete the development and use or sell the asset. The amortization is recognized in income based on the straight-line method during the estimated useful life of the asset.

Development costs that do not qualify as intangible assets are recognized in income when incurred.

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**H) IMPAIRMENT OF LONG-LIVED ASSETS**

The Company performs impairment tests for its property, plant and equipment and intangible assets with finite useful lives, when certain events and circumstances suggest that the carrying value of the assets might not be recovered. Intangible assets with indefinite useful lives and goodwill are subject to impairment tests at least once a year.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of an asset's fair value less costs to sell and value in use. To determine value in use, estimated future cash flows are discounted at present value, using a discount rate after tax that reflect time value of money and considering the specific risks associated with the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit).

Impairment losses on goodwill are not reversed. For other assets, impairment losses are reversed if a change in the estimates used for determining the recoverable amount has occurred. Impairment losses are reversed to the extent that the book value does not exceed the book value that was determined, net of depreciation or amortization, if no impairment loss was recognized.

**I) LONG-LIVED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

Long-lived assets are classified as held for sale when (a) their carrying amount is to be recovered mainly through a sale transaction, rather than through continuing use, (b) the assets are held immediately for sale and (c) the sale is considered highly probable in its current condition.

For the sale to be considered highly probable:

- Management must be committed to a sale plan.
- An active program must have begun in order to locate a buyer and to complete the plan.
- The asset must actively be quoted for its sale at a price that is reasonable to its current fair value; and
- The sale is expected to be completed within a year starting the date of classification.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Discontinued operations are the operations and cash flows that can be clearly distinguished from the rest of the entity, that either have been disposed of or have been classified as held for sale, and:

- Represent a line of business or geographical area of operations.
- Are part of a single coordinated plan to dispose of a line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

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**J) FINANCIAL INSTRUMENTS**

**a. Financial assets**

(i) Classification

The Company classifies its financial assets in the following categories:

- Those to be measured at amortized cost, and
- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss).

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company classifies a financial asset to be measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

The Company classifies a financial asset to be measured at fair through other comprehensive income if the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

(ii) Recognition

Regular purchases and sales of financial assets are recognized in the balance sheet on the trade date, which is the date when the Company commits to purchase or sell the instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognized as expense.

After initial recognition, the Company measures financial assets at amortized cost or at fair value with changes in other comprehensive income or in results of the year.

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(iv) Impairment

The Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the trade receivables and long-term notes and accounts receivable.

To measure the expected credit losses, the assets have been grouped based on shared credit risk characteristics and the days past since their initial recognition. The expected loss rates are based on the payment profiles of sales over a period of 12 months before December 31, 2021 and 2020, respectively, and the corresponding historical credit losses experienced within this period.

Accounts receivable and long-term receivables are canceled when there is no reasonable expectation of collection.

**b. Financial liabilities**

(i) Classification

The Company classifies its financial liabilities to be measured at amortized cost, except for the liabilities from derivative financial instruments that are measured at fair value through profit or loss.

Debt and financial liabilities

Debt and financial liabilities that are non-derivatives are initially recognized at fair value, net of transaction costs directly attributable to them; subsequently, these liabilities are recognized at amortized cost. The difference between the net proceeds and the amount payable is recognized in the income statement during the debt term, using the effective interest rate method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities for trading (derivative financial instruments).

(ii) Derecognition

Financial liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in income.

**K) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES**

Derivative financial instruments are initially recognized at fair value and are subsequently re-measured at their fair value; the transaction costs are recognized in the income statement when incurred. Derivative financial instruments are classified as current, except for maturities exceeding twelve months.

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Fair value is determined based on recognized market prices. When not quoted in markets, fair value is determined using valuation techniques commonly used in the financial sector. Fair value reflects the credit risk of the instrument and includes adjustments to consider the credit risk of the Company or the counterparty, when applicable.

The method for recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge and the nature of the item being hedged.

For derivative financial instruments that are entered into to hedge certain risks and do not qualify for hedge accounting, the changes in the fair value of such instruments are recognized immediately in the income statement as Other income (expenses), net or Comprehensive financing cost, net, according to the nature of the hedged item.

The derivative financial instruments that the Company designates and qualifies as accounting hedges, are classified as follows:

- Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, including objectives, strategies for risk management and the method for assessing effectiveness in the hedge relationship. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

**a. Fair value hedges**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk, see Note 20-C.

**b. Cash flow hedges**

For cash flow hedge transactions, changes in the fair value of the derivative financial instrument are included as other comprehensive income in equity, based on the evaluation of the hedge effectiveness, see Note 20-C.

When option contracts are used to hedge forecast transactions, the Company designates only the intrinsic value of the options as the hedging instrument. Gains or losses related to the effective portion of the change in the intrinsic value of the options are recognized in other comprehensive income within equity. Changes in the time value of options that relate to the hedged item (aligned time value) are recognized in other comprehensive income within equity. The intrinsic value of options on foreign currency transactions is determined by reference to the spot exchange rate of the relevant market. The spread between the contracted strike price and the discounted market spot rate is defined as time value. It is discounted when it is material.

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The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in income as Other income (expenses), net.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately registered in the income statement. However, when the forecasted transaction recognizes a non-financial asset or non-financial liability, the cumulative gains or losses recognized in other comprehensive income are transferred from equity and included in the initial measurement of the non-financial asset or non-financial liability.

**c. Net investment hedge**

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold, see Note 19-C.

**L) TRADE ACCOUNTS AND OTHER ACCOUNTS PAYABLES**

These balances represent the liabilities for goods and services provided to the Company before the end of the year that have not been paid. The amounts are not guaranteed and are generally paid within 30 days of recognition. Suppliers and other accounts payable are presented as current liabilities, unless the balance is not payable within 12 months after the reporting period.

The Company has established supplier financing programs, through which they can discount their documents with different financial institutions. The balance payable derived from these programs is recognized within the supplier account in the consolidated balance sheet, without generating a payment obligation with the financial institution. The financial cost of these operations is by the suppliers. This supplier program is presented as an operating activity in the statement of cash flows.

Accounts payable are initially recognized at fair value and subsequently valued at amortized cost using the effective interest rate method.

**M) LEASES**

Contracts with counterparties celebrated by the Company, in which the transfer of the right to control the use of an identified asset for a certain term in exchange for a consideration, are classified as leases. There is control if the Company obtains the economic benefits from the use of the asset and has the right to direct and decide on the use of the asset during the term of the lease.

The Company applies the lease accounting model, which consists in the recognition of all leases within the balance sheet. Contracts celebrated by the Company for more than a 12-month term and whose underlying asset has a value greater than U.S.\$ 5,000 are recognized as leases.

For contracts that contain both lease and non-lease components, the Company, in its capacity as lessee, allocates the component value as follows:

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- When there is an observable individual price for each component, it is separated and allocated according to the specific individual prices of the components, and applies for all assets of that class.
- When there is no individual price for some or all the components, the components will not be separated and are accounted for as a single lease component, and applies to all assets of that class.

The term of a lease is determined based on the non-cancellable period of the lease contract, plus the optional renewable periods agreed in such contract, if the Company is reasonably certain to extend by considering factors such as: improvements made to the leased asset, penalties for not extending the contract, the adjustment of high costs incurred for the replacement of the leased asset, among others; and that the extension option can only be exercised by the Company.

Lease liabilities include the net present value of the following lease payments:

- a) Fixed lease payments, minus lease incentives receivable;
- b) Variable lease payments that are based on an index or a rate.
- c) Amounts expected to be payable by the group under residual value guarantees.
- d) The exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- e) Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

For leases, the Company recognizes, at the beginning of the contract, a liability equivalent to the present value of the lease payments agreed in the contract, discounted using the incremental interest rate. After the start date, the lease liability is measured by increasing its carrying value to reflect the accrued interest and decreasing its carrying value to reflect the lease payments made.

The incremental interest rate is determined using the interest rates of comparable bonds of companies with similar credit ratings as the Company, plus the Company's credit risk factor and the risk factor from the country where the asset is located. The above mentioned is considering a similar lease contract and similar security.

For property, plant and equipment leases containing terms of variable payments in which lease payments are modified during the term of the lease, possible future increases in variable lease payments are considered as part of the lease liability. Until effective, the lease liability is reassessed, and the right-of-use asset is adjusted.

The interest expense of a lease liability is recognized monthly by applying the incremental interest rate the term of the lease.

At the beginning of the lease contract, the right-of-use asset is recognized at cost. The cost of the asset includes the present value of the lease payments agreed in the contract and the initial direct costs incurred by the Company, such as restorations or dismantling; after that date, the carrying value of the right-of-use asset is measured decreasing the accumulated depreciation and the accumulated impairment losses.

The Company applies the straight-line method for the depreciation of the right-of-use assets, which begins on the start date of the lease.

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The right-of-use assets are normally depreciated in a straight line during the shortest period between the useful life of the asset and the lease term. If the Company has reasonable certainty to exercise a purchase option, the right-of-use asset depreciates over the useful life of the underlying asset.

The Company recognizes in income the payments for short-term leases or those in which the underlying asset is of low value, applying the straight-line method during the lease period.

For full or partial termination of lease contracts, the Company as lessee will recognize the new measurement of the lease liability adjusting the book value of the right-of-use asset resulting from the lease termination and the related gains or losses, will be recognize in income of the year.

The Company applies impairment tests to the right-of-use assets when there are indications that the carrying value of the assets may not be recovered. See Note 3-H.

## **N) EMPLOYEE BENEFITS**

### **a. Post-employment benefits**

In Mexico, the Company has the following defined benefit plans:

- Single-payment retirement plan, when employees reach the required retirement age, which is 60.
- Seniority premium, after 15 years of service.

The Company has established trust funds to meet its obligations for the seniority premium. Employees do not contribute to these funds.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation, less the fair value of plan assets. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated cash outflows using discount rates in accordance with IAS 19, that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement.

In the United States, the Company has saving and investment plans that incorporate voluntary employees 401(k) contributions with matching contributions of the Company in this country. The Company's contributions are recognized in the income statement when incurred.



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**b. Termination benefits**

Termination benefits are payable when employment is terminated by decision of the Company, before the normal retirement date.

The Company recognizes termination benefits as a liability at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognizes restructuring costs that represents a provision and involves the payment of termination benefits. Termination benefits that do not meet this requirement are recognized in the income statement in the period when incurred.

**c. Short term benefits**

Short term employee benefits are measured at nominal base and are recognized as expenses as the related service is provided. If the Company has the legal or constructive obligation to pay as a result of a service rendered by the employee in the past and the amount can be estimated, an obligation is recognized for short term bonuses or profit sharing.

**O) PROVISIONS**

Provisions are recognized when (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

**P) SHARE CAPITAL**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**Q) REVENUE RECOGNITION**

The Company produces and sells corn flour, packaged tortilla and other related products such as flat bread, snacks and corn grits. The Company serves wholesale and retail markets, as well as institutional markets. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the products, the risks of loss and obsolescence have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract.

Revenue from sales is recognized based on the price specified in the contract, net of discounts, volume rebates and returns. Volume rebates are estimated, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

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A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a short-term credit.

A receivable is recognized when the products are delivered as this is the point in time that the consideration is unconditional.

The payments made to customers, which represent a modification of the transaction price, are presented as a decrease of revenue.

## **R) INCOME TAXES**

The tax expense of the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized from the analysis of the balance sheet considering temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates that have been approved or substantially approved at the date of the balance sheet and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for tax loss carry-forwards not used, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In each period-end deferred income tax assets are reviewed and reduced to the extent that it is not probable that the benefits will be realized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to set off assets against liabilities and are related to income tax levied by the same tax authority on the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **S) EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, which include convertible debt and share options.

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For the years ended December 31, 2021 and 2020, the Company had no dilutive instruments issued.

**T) SEGMENT INFORMATION**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity. Operating results from an operating segment are regularly reviewed by the entity's chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**4. RISK AND CAPITAL MANAGEMENT**

**A) RISK MANAGEMENT**

The Company is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk and liquidity risk. The Company's risk management policy focuses on the risks that prevents or endangers the accomplishment of its financial objectives, seeking to minimize the potential adverse effects on its financial performance. The Company uses derivative financial instruments to hedge some of these risks.

**Currency risk**

The Company operates internationally and thus, is exposed to currency risks, particularly with the U.S. dollar. Currency risks arise from commercial operations, recognized assets and liabilities and net investments in foreign subsidiaries.

The following tables detail the exposure of the Company to currency risks at December 31, 2021 and 2020. The tables show the currency exposure of the Company's financial instruments expressed in Mexican pesos.

At December 31, 2021:

	Amounts in thousands of Mexican pesos				
	U.S. Dollar	Pound sterling	Euros	Costa Rica colons and others	Total
Monetary assets:					
Current (1).....	Ps. 7,746,974	Ps. 347,898	Ps. 1,696,852	Ps. 3,754,920	Ps. 13,546,644
Non-current.....	42,624	-	4,348	32,781	79,753
Monetary liabilities:					
Current.....	(7,913,332)	(290,582)	(1,083,259)	(1,483,464)	(10,770,637)
Non-current.....	(23,482,961)	(260)	(931,214)	(130,715)	(24,545,150)
Net position.....	<u>Ps. (23,606,695)</u>	<u>Ps. 57,056</u>	<u>Ps. (313,273)</u>	<u>Ps. 2,173,522</u>	<u>Ps. (21,689,390)</u>

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At December 31, 2020:

	Amounts in thousands of Mexican pesos				
	U.S. Dollar	Pound sterling	Euros	Costa Rica colons and others	Total
Monetary assets:					
Current (1).....	Ps. 8,540,977	Ps. 241,572	Ps. 1,279,456	Ps. 3,176,239	Ps. 13,238,244
Non-current.....	30,285	-	1,017	20,041	51,343
Monetary liabilities:					
Current.....	(7,034,878)	(269,936)	(682,106)	(1,382,352)	(9,369,272)
Non-current.....	(22,269,751)	(452)	(1,247,117)	(113,929)	(23,631,249)
Net position.....	Ps. (20,733,367)	Ps. (28,816)	Ps. (648,750)	Ps. 1,699,999	Ps. (19,710,934)

(1) Approximately 65% and 57% of this balance corresponds to accounts receivable for 2021 and 2020, respectively.

For the years ended December 31, 2021 and 2020, the effects of exchange rate differences on the Company's monetary assets and liabilities were recognized as follows:

	2021	2020
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investment in foreign subsidiaries, recorded directly to equity as an effect of foreign currency translation adjustments (Note 19-C).....	Ps. (490,493)	Ps. (713,987)
Exchange differences, net, arising from foreign currency transactions recognized in the income statement.....	(45,362)	(1,050,368)
	Ps. (535,855)	Ps. (1,764,355)

Net sales are denominated in Mexican pesos, U.S. dollars, and other currencies. Sales generated in Mexican pesos were 26% in 2021 and 24% in 2020 of total net sales. Sales generated in U.S. dollars were 56% in 2021 and 59% in 2020 of total net sales. Additionally, at December 31, 2021 and 2020, 70% and 68%, respectively, of total assets were denominated in different currencies other than Mexican pesos, mainly in U.S. dollars. An important portion of operations are financed through debt denominated in U.S. dollars. For the years ended December 31, 2021 and 2020, net sales in currencies other than Mexican pesos amounted to Ps.69,954,721 and Ps.69,064,298, respectively.

An important currency risk for the debt denominated in U.S. dollars is present in subsidiaries that are not located in the United States, which represented 100% of total debt denominated in U.S. dollars. Nevertheless, the investment that the Company maintains in its operations in the United States generated a hedge.

During 2021 and 2020, the Company entered into forward and foreign exchange option transactions to hedge the Mexican peso to U.S. dollar foreign exchange rate risk related to the price of corn purchases in Mexico. At December 31, 2021 and 2020, the Company has open positions of this foreign exchange derivative instruments with a favorable valuation effect of Ps.4,182 and unfavorable of Ps.374,629, respectively. Exchange rate forwards and options are denominated in the same currency as the highly probable forecasted transactions of inventory purchases, therefore the hedge ratio is one to one.

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The effect of foreign currency translation adjustments recognized in other statements of comprehensive income for the years ended December 31, 2021 and 2020, amounted Ps.49,411 and Ps.1,942,007, respectively. Considering the exchange rate risk in which the company is exposed at December 31, 2021 and 2020, and assuming an increase or decrease of 10% in the Peso/U.S. dollar exchange rates, while keeping constant the rest of the variables, the effect in the Company's other consolidated statements of comprehensive income will be an increase or a decrease of Ps.412,456 and Ps.1,342,318, respectively.

The effect of foreign exchange rate differences recognized in the consolidated income statements for the years ended December 31, 2021 and 2020, related with the assets and liabilities monetary denominated in foreign currency, totaled a loss of Ps.45,362 and Ps.1,050,368, respectively. Considering the exposure related to monetary assets and liabilities in foreign currency as of December 31, 2021 and 2020, and assuming an increase or decrease of 10% in the Peso/U.S. dollar exchange rates while keeping constant the rest of the variables such as interest rates, the effect after taxes in the Company's consolidated results will be an increase or a decrease of Ps.103,741 and Ps.161,282, respectively.

**Interest rate risk**

The variations in interest rates could affect the cash flow and interest expense of financial liabilities bearing variable interest rates and could also modify the fair value of financial liabilities bearing fixed interest rates.

For the Company, interest rate risk is mainly derived from debt financing transactions, including debt securities, bank and vendor credit facilities and leases. These financing transactions generate exposure to interest rate risk, principally due to changes in relevant base rates (mainly, LIBOR and TIIE, and to a lesser extent, EURIBOR, soon SOFR) that are used to determine the interest rates applicable to the borrowings.

At a global level, a reform of reference interest rates is being carried out, including the replacement of certain interbank reference rates (IBOR) with alternative rates reference close to being risk-free. The authority that regulates the London interbank rate (LIBOR) announced that it intends to begin the elimination of some of its rate terms from December 2021. Currently the Company's Treasury manages the IBOR rate transition plan. The main change for the Company will be the modification to the contractual terms of the variable rate debt referenced to the LIBOR rate (See Note 14). The amendments in phase 2 considered in the Amendments to IFRS 9, address the issues that arise during the implementation of the benchmark interest rate reform, included in the practical expedient to allow contractual changes that are directly required by the reform and the new base is economically equivalent to the previous base, are treated with prospective effects without immediately impacting the results.

The following table shows, at December 31, 2021 and 2020, the Company's debt at fixed and variable rates:

	<b>Amounts in thousands of Mexican pesos</b>	
	<b>2021</b>	<b>2020</b>
Debt at fixed interest rate.....	Ps. 19,491,959	Ps. 17,233,304
Debt at variable interest rate.....	4,968,944	5,642,112
Total.....	<u>Ps. 24,460,903</u>	<u>Ps. 22,875,416</u>

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The Company uses derivative financial instruments such as interest rate swaps for the purposes of hedging a portion of its debt, to reduce the Company's exposure to increases in interest rates. As of December 31, 2021, the Company has an interest rate derivative financial instruments position open with a notional of Ps.3,000,000 with an unfavorable valuation effect of Ps.40,245. The interest rate swap instrument is denominated in the same currency and with the same reference (in this case 28-day TIE rate) as the interest payments programmed in the stock certificate, therefore, the coverage ratio is one to one.

For variable rate debt, an increase in interest rates will increase interest expense. A hypothetical increase of 100 basis points in interest rates on debt at December 31, 2021 and 2020 will have an effect on the results of the Company of Ps.49,689 and Ps.56,421, respectively, considering debt and interest rates at that date, and assuming that the rest of the variables remain constant.

**Commodity price risk and derivatives**

The availability and price of corn, wheat and other agricultural commodities and fuels, are subject to wide fluctuations due to factors outside of the Company's control, such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in global demand and supply due to population growth and global production of similar and competitive crops, as well as fuels. The Company hedges a portion of its production requirements through commodity futures, swaps and options contracts in order to reduce the risk created by price fluctuations and supply of corn, wheat, natural gas, and soy oils which exist as part of ongoing business operations. The contracting hedges of purchases that exceed the maximum production requirements for a period longer than 18 months, requires the authorization of the Board of Directors in accordance with the Company's corporate policies.

During 2021 and 2020, the Company entered into short-term hedge transactions through commodity futures, swaps and options to hedge a portion of its requirements.

As of December 31, 2021 and 2020, the valuation of the financial instruments that qualified as cash flow accounting hedges represented a profit of Ps.898,242 and Ps.505,118 respectively, which were applied to other comprehensive income within equity. These financial instruments of futures, swaps and options are denominated in the same price reference as the highly probable forecast transactions of purchases of corn, wheat and fuels, therefore, the coverage ratio for these instruments is one to one. The weighted average strike price of open position of corn options during fiscal year 2021 amounts to \$5.32 dollars per bushel (buy puts), \$4.74 dollars per bushel (sell puts) and \$7.37 dollars per bushel (sell calls).

As of December 31, 2021, the Company had no commitments for corn purchases as well as financial instruments that qualify as fair value hedges. As of December 31, 2020, the Company had commitments for corn purchases as well as financial instruments that are qualified as fair value hedges and represented a loss of Ps.544,410.

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From time to time, the Company hedges commodity price risks using futures, swaps and options strategies that do not qualify for hedge accounting. As a result, these derivative financial instruments are recognized at their fair values and the associated effect is recorded in applicable period. For the years ended December 31, 2021 and 2020, these instruments represented a profit of Ps.354 and Ps.8,960, respectively. Additionally, as of December 31, 2021 and 2020, the Company recognized net gain of Ps.432,494 and net loss of Ps.36,458, respectively, on commodity price risk hedges that did not qualify for hedge accounting. See Note 20.

**Credit risk**

The Company's regular operations expose it to defaults when customers and counterparties are unable to comply with their financial or other commitments. The Company seeks to mitigate this risk by entering into transactions with a diverse pool of counterparties. However, the Company continues to remain subject to unexpected third party financial failures that could disrupt its operations.

The Company is also exposed to risks in connection with its activities of cash management and obtaining debt and temporary investments, and any disruption that affects its financial intermediaries could also adversely affect its operations.

The Company's exposure to risk due to trade receivables is limited given the large number of its customers located in different parts of Mexico, the United States, Central America, Europe, Asia and Oceania. For this reason, there is not a significant concentration of credit risk. However, the Company still maintains allowances for doubtful accounts. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Since most of the clients do not have an independent rating of credit quality, the Company's management determines the maximum credit risk for each one, considering its financial position, past experience, and other factors. Credit limits are established according to policies set by the Company, which also includes controls that assure its compliance.

Default results when the counterparties do not make their contractual payments within the agreed period.

During 2021 and 2020, credit limits were complied with and, consequently, management does not expect any important losses from trade accounts receivable.

Cash and cash equivalents are invested in highly liquid investments, with non-trading purposes and low risk. Mainly in government repos, bank repos and directly with financial institutions of recognized prestige, and receivable in the short term. The Company do not invest in stock markets.

The Company faces credit risk from potential defaults of their counterparts with respect to the derivative financial instruments used. Substantially none of these financial instruments are guaranteed. Additionally, when the Company enters into hedge contracts for exchange rates, interest rates and/or commodities, it minimizes the risk of default by the counterparts by contracting derivative financial instruments only with major national and international financial institutions using contracts and standard forms issued by the *International Swaps and Derivatives Association, Inc.* ("ISDA") and operations standard confirmation formats.

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**Investment risk in Venezuela**

The recent political and civil instability that has prevailed in Venezuela has represented a risk to the Company's investment in this country. The Company does not have insurance for the risk of expropriation of its investments. See Notes 27 and 28 for additional information.

**Liquidity risk**

The Company funds its liquidity and capital resource requirements through a variety of sources, including:

- cash generated from operations;
- committed and uncommitted short-term and long-term lines of credit;
- medium- and long-term debt contracting;
- offerings in Bond markets; and
- sales of its equity securities and those of its subsidiaries and affiliates from time to time.

Factors that could decrease the sources of liquidity include a significant decrease in the demand for, or price of, our products, or a considerable increase in the cost of raw materials, which could limit the amount of cash generated from operations. The Company's liquidity is also affected partially by factors such as the volatility of currencies, changes in interest rates, and a decrease of the corporate credit rating, which could further impair the liquidity and increase costs with respect to new debt and cause a negative impact in stock price.

The following tables show the remaining contractual maturities of financial liabilities of the Company:

At December 31, 2021:

	<u>Less than a year</u>	<u>From 1 to 3 years</u>	<u>From 3 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Short and long term debt.....	Ps. 1,125,482	Ps.11,732,497	Ps. 9,682,782	Ps. 2,001,023	Ps. 24,541,784
Interest payable from short and long term debt.....	1,022,573	1,640,300	486,798	191,014	3,340,685
Trade accounts and other payables.....	14,321,272	-	-	-	14,321,272
Short and long term lease liability.....	975,116	1,836,475	1,207,046	5,936,986	9,955,623
Derivative financial instruments.....	95,720	7,359	-	-	103,079
	<u>Ps.17,540,163</u>	<u>Ps.15,216,631</u>	<u>Ps. 11,376,626</u>	<u>Ps. 8,129,023</u>	<u>Ps. 52,262,443</u>



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At December 31, 2020:

	<b>Less than a year</b>	<b>From 1 to 3 years</b>	<b>From 3 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Short and long term debt.....	Ps. 2,720,179	Ps. 6,569,756	Ps. 13,449,808	Ps. 221,388	Ps. 22,961,131
Interest payable from short and long term debt.....	910,490	1,532,450	643,913	1,659	3,088,512
Trade accounts and other payables.....	11,635,270	-	-	-	11,635,270
Short and long term lease liability.....	1,048,820	1,633,145	1,341,777	6,491,067	10,514,809
Derivative financial instruments.....	1,047,715	181,110	-	-	1,228,825
	<u>Ps.17,362,474</u>	<u>Ps. 9,916,461</u>	<u>Ps. 15,435,498</u>	<u>Ps. 6,714,114</u>	<u>Ps. 49,428,547</u>

The Company expects to meet its obligations with cash flows generated by operations. Additionally, the Company has access to credit line agreements with various banks to address potential cash needs.

## **B) CAPITAL MANAGEMENT**

The Company's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) are to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk, to protect the Company's ability to continue as a going concern while taking advantage of strategic opportunities to provide sustainable returns for shareholders.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

In addition, to monitor capital, debt agreements contain financial covenants which are disclosed in Note 14.

## **5. SEGMENT INFORMATION**

The Company's reportable segments are strategic business units that offer different products in different geographical regions. These business units are managed separately because each business segment requires different technology and marketing strategies.

The Company's reportable segments are as follows:

- Corn flour and packaged tortilla division (United States):  
Manufactures and distributes more than 20 varieties of corn flour that are used mainly to produce and distribute different types of tortillas and tortilla chip products in the United States. The main brands are MASECA for corn flour and MISSION and GUERRERO for packaged tortillas.

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- **Corn flour division (Mexico):**  
Engaged principally in the production, distribution and sale of corn flour in Mexico under MASECA brand. Corn flour produced by this division is used mainly in the preparation of tortillas and other related products.
- **Corn flour and packaged tortilla and other (Europe):**  
Manufactures and distributes varieties of flour that are used to produce different types of tortillas, flat breads, grits and other in the same category in Europe. The main brands are MASECA for corn flour and MISSION for packaged products.
- **Other segments:**  
This section represents those segments whose amounts on an individual basis do not exceed 10% of the consolidated total of net sales, operating income and assets. These segments are:
  - a) Corn flour, hearts of palm, rice, and other products (Central America).
  - b) Packaged tortillas (Mexico).
  - c) Wheat flour tortillas and snacks (Asia and Oceania).
  - d) Technology and equipment, which conducts research and development regarding flour and tortilla manufacturing equipment, produces machinery for corn flour and tortilla production and is engaged in the construction of the Company's corn flour manufacturing facilities.
  - e) Balanced feed for livestock (Mexico)

All inter-segment sales prices are market-based. The Chief Executive Officer evaluates performance based on operating income of the respective business units. The accounting policies for the reportable segments are the same as the policies described in Notes 2 and 3.

Segment information as of and for the year ended December 31, 2021:

	<b>Corn flour and packaged tortilla division (United States)</b>	<b>Corn flour division (Mexico)</b>	<b>Corn flour and packaged tortilla division (Europe)</b>	<b>Other segments</b>	<b>Eliminations and corporate expenses</b>	<b>Total</b>
Net sales to external customers.....	Ps. 52,863,714	Ps. 22,504,624	Ps. 6,805,936	Ps. 12,076,107	Ps. -	Ps. 94,250,381
Inter-segment net sales.....	94,994	2,465,329	12,739	2,492,018	(5,065,080)	-
Operating income.....	7,495,788	2,333,291	546,159	655,558	252,339	11,283,135
Depreciation and amortization.....	2,326,667	1,158,015	284,072	606,943	(722,422)	3,653,275
Total assets.....	34,112,743	22,920,215	11,354,516	14,436,319	(4,048,212)	78,775,581
Total liabilities.....	12,847,933	5,944,957	3,480,897	6,029,913	20,909,446	49,213,146
Expenditures paid in the year for fixed assets....	3,084,639	1,003,472	938,828	814,480	(14,944)	5,826,475

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Segment information as of and for the year ended December 31, 2020:

	<b>Corn flour and packaged tortilla division (United States)</b>	<b>Corn flour division (Mexico)</b>	<b>Corn flour and packaged tortilla division (Europe)</b>	<b>Other segments</b>	<b>Eliminations and corporate expenses</b>	<b>Total</b>
Net sales to external customers.....	Ps. 53,187,198	Ps. 20,600,668	Ps. 6,000,425	Ps. 11,303,792	Ps. 11,048	Ps. 91,103,131
Inter-segment net sales.....	78,910	2,567,454	13,096	2,147,477	(4,806,937)	-
Operating income.....	7,686,214	2,520,816	486,908	751,467	(97,000)	11,348,405
Depreciation and amortization.....	2,478,757	1,108,644	269,718	581,949	(745,314)	3,693,754
Total assets.....	32,190,039	20,248,632	10,518,220	14,040,276	(3,221,081)	73,776,086
Total liabilities.....	12,255,045	5,055,156	2,928,748	5,901,658	19,963,778	46,104,385
Expenditures paid in the year for fixed assets....	1,946,682	715,207	714,564	533,184	(207,156)	3,702,481

A summary of information by geographic segment for the years ended December 31, 2021 and 2020 is presented below:

	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>
<u>Net sales to external customers:</u>				
United States.....	Ps. 52,863,714	56	Ps. 53,187,198	58
Mexico.....	24,295,660	26	22,052,386	24
Europe.....	6,805,936	7	6,000,425	7
Central America.....	5,388,258	6	5,609,315	6
Asia and Oceania.....	4,896,813	5	4,253,807	5
	<u>Ps. 94,250,381</u>	<u>100</u>	<u>Ps. 91,103,131</u>	<u>100</u>
<u>Expenditures paid in the year for fixed assets:</u>				
United States.....	Ps. 3,084,639	53	Ps. 1,946,682	55
Mexico.....	1,414,421	24	862,298	19
Europe.....	938,828	16	714,564	20
Central America.....	108,040	2	90,920	1
Asia and Oceania.....	280,547	5	88,017	5
	<u>Ps. 5,826,475</u>	<u>100</u>	<u>Ps. 3,702,481</u>	<u>100</u>
<u>Identifiable assets</u>				
United States.....	Ps. 34,112,743	43	Ps. 32,190,039	44
Mexico.....	23,892,507	31	21,820,608	30
Europe.....	11,354,516	14	10,518,220	14
Central America.....	3,253,105	4	3,190,461	4
Asia and Oceania.....	6,162,710	8	6,056,758	8
	<u>Ps. 78,775,581</u>	<u>100</u>	<u>Ps. 73,776,086</u>	<u>100</u>

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**6. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include:

	<u>At December 31, 2021</u>	<u>At December 31, 2020</u>
Cash at bank.....	Ps. 5,040,129	Ps. 6,105,454
Short-term investments (less than 3 months).....	208,000	67,300
	<u>Ps. 5,248,129</u>	<u>Ps. 6,172,754</u>

**7. ACCOUNTS RECEIVABLE**

Accounts receivable comprised the following:

	<u>At December 31, 2021</u>	<u>At December 31, 2020</u>
Trade accounts and notes receivable.....	Ps. 9,229,743	Ps. 8,516,996
Accounts receivable with Venezuelan companies.....	105,909	102,643
Recoverable value-added tax.....	1,253,266	1,197,651
Other debtors.....	204,246	457,559
Allowance for doubtful accounts.....	(183,942)	(250,492)
Impairment of accounts receivable with Venezuelan companies.....	(105,909)	(102,643)
	<u>Ps. 10,503,313</u>	<u>Ps. 9,921,714</u>

The age analysis of accounts receivable is as follows:

	<u>Total</u>	<u>Not past due date balances</u>	<u>Past due balances</u>		
			<u>1 to 120 days</u>	<u>121 to 240 days</u>	<u>More than 240 days (*)</u>
Accounts receivable.....	Ps. 9,433,989	Ps. 6,956,296	Ps. 2,240,306	Ps. 36,050	Ps. 201,337
Allowance for doubtful accounts..	(183,942)	(26,772)	(27,169)	(9,532)	(120,469)
Total at December 31, 2021.....	<u>Ps. 9,250,047</u>	<u>Ps. 6,929,524</u>	<u>Ps. 2,213,137</u>	<u>Ps. 26,518</u>	<u>Ps. 80,868</u>

	<u>Total</u>	<u>Not past due date balances</u>	<u>Past due balances</u>		
			<u>1 to 120 days</u>	<u>121 to 240 days</u>	<u>More than 240 days (*)</u>
Accounts receivable.....	Ps. 8,974,555	Ps. 6,233,207	Ps. 2,414,444	Ps. 107,356	Ps. 219,548
Allowance for doubtful accounts..	(250,492)	(35,032)	(49,696)	(37,207)	(128,557)
Total at December 31, 2020.....	<u>Ps. 8,724,063</u>	<u>Ps. 6,198,175</u>	<u>Ps. 2,364,748</u>	<u>Ps. 70,149</u>	<u>Ps. 90,991</u>

(\*) Accounts receivable with Venezuelan companies refer to discontinued operations and were not included in the age analysis of accounts receivable for 2021 and 2020.

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For the years ended December 31, 2021 and 2020, the movements on the current and non-current allowance for doubtful accounts (Note 9) are as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance .....	Ps. (289,383)	Ps. (202,691)
Allowance for doubtful accounts.....	(44,383)	(154,368)
Receivables written off during the year.....	138,168	71,171
Exchange differences.....	(3,198)	(3,495)
Ending balance.....	<u>Ps. (198,796)</u>	<u>Ps. (289,383)</u>

**8. INVENTORIES**

Inventories consisted of the following:

	<u>At December 31, 2021</u>	<u>At December 31, 2020</u>
Raw materials, mainly corn and wheat.....	Ps. 9,251,087	Ps. 7,058,131
Finished products.....	2,298,495	1,868,622
Materials and spare parts.....	2,835,575	2,535,637
Production in process.....	201,994	226,586
Advances to suppliers.....	107,308	136,363
Inventory in transit.....	205,359	119,604
	<u>Ps. 14,899,818</u>	<u>Ps. 11,944,943</u>

For the years ended December 31, 2021 and 2020, the cost of raw materials consumed and the changes in the inventories of production in process and finished goods, recognized as cost of sales amounted to Ps.36,341,586 and Ps.32,337,028, respectively.

For the years ended December 31, 2021 and 2020, the Company recognized Ps.170,843 and Ps.176,047, respectively, for inventory that was damaged, slow-moving and obsolete.

**9. LONG-TERM NOTES AND ACCOUNTS RECEIVABLE**

Long-term notes and accounts receivable are as follows:

	<u>At December 31, 2021</u>	<u>At December 31, 2020</u>
Long-term notes receivable.....	Ps. 138,789	Ps. 147,700
Guarantee deposits.....	93,517	66,247
Long-term recoverable value-added tax.....	14,327	87,787
Other.....	6,470	6,431
Allowance for long-term doubtful accounts.....	(14,854)	(38,891)
	<u>Ps. 238,249</u>	<u>Ps. 269,274</u>

At December 31, 2021 and 2020, long-term notes receivable are denominated in pesos, maturing from 2023 to 2030 and bearing monthly interests at an annual average fixed rate of 16% for 2021 and 2020, respectively.

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**10. PROPERTY, PLANT AND EQUIPMENT**

Changes in property, plant and equipment for the years ended December 31, 2021 and 2020 were as follows:

	<b>Land and buildings</b>	<b>Machinery and equipment</b>	<b>Leasehold improvements</b>	<b>Construction in progress</b>	<b>Total</b>
<b>At December 31, 2019</b>					
Cost.....	Ps. 11,609,945	Ps. 38,332,621	Ps. 2,286,644	Ps. 4,386,687	Ps. 56,615,897
Accumulated depreciation.....	(3,926,767)	(22,732,077)	(1,291,411)	-	(27,950,255)
Net book value.....	<u>7,683,178</u>	<u>15,600,544</u>	<u>995,233</u>	<u>4,386,687</u>	<u>28,665,642</u>
<b>For the year ended December 31, 2020</b>					
Opening net book value...	7,683,178	15,600,544	995,233	4,386,687	28,665,642
Exchange differences.....	298,994	706,326	95,383	8,052	1,108,755
Additions.....	34,950	558,082	1,474	2,919,832	3,514,338
Disposals/derecognition (Note 22).....	(70,189)	(75,003)	(109)	(127)	(145,428)
Depreciation charge of the year.....	(276,200)	(2,193,785)	(135,627)	-	(2,605,612)
Transfers.....	332,066	2,718,059	1,283,004	(4,333,129)	-
Assets leased, net of depreciation.....	-	188,154	-	-	188,154
Other .....	-	335,058	23,529	(30,857)	327,730
Impairment.....	-	(9,548)	-	-	(9,548)
Closing net book value...	<u>8,002,799</u>	<u>17,827,887</u>	<u>2,262,887</u>	<u>2,950,458</u>	<u>31,044,031</u>
<b>At December 31, 2020</b>					
Cost.....	12,333,742	43,239,396	3,764,477	2,950,458	62,288,073
Accumulated depreciation.....	(4,330,943)	(25,411,509)	(1,501,590)	-	(31,244,042)
Net book value.....	<u>8,002,799</u>	<u>17,827,887</u>	<u>2,262,887</u>	<u>2,950,458</u>	<u>31,044,031</u>
<b>For the year ended December 31, 2021</b>					
Opening net book value...	8,002,799	17,827,887	2,262,887	2,950,458	31,044,031
Exchange differences.....	61,803	196,143	61,181	81,401	400,528
Additions.....	35,665	1,128,976	1,165	4,545,211	5,711,017
Disposals/derecognition (Note 22).....	(289,796)	(266,163)	(20,043)	(6,012)	(582,014)
Depreciation charge of the year.....	(280,417)	(2,213,875)	(126,984)	-	(2,621,276)
Transfers.....	1,584,863	2,742,580	29,469	(4,356,912)	-
Assets leased, net of depreciation.....	-	115,458	-	-	115,458
Other .....	-	(95,302)	(6,010)	(3,849)	(105,161)
Impairment .....	-	(47,533)	-	-	(47,533)
Closing net book value...	<u>9,114,917</u>	<u>19,388,171</u>	<u>2,201,665</u>	<u>3,210,297</u>	<u>33,915,050</u>
<b>At December 31, 2021</b>					
Cost.....	13,742,957	46,573,753	3,782,767	3,210,297	67,309,774
Accumulated depreciation.....	(4,628,040)	(27,185,582)	(1,581,102)	-	(33,394,724)
Net book value.....	<u>Ps. 9,114,917</u>	<u>Ps. 19,388,171</u>	<u>Ps. 2,201,665</u>	<u>Ps. 3,210,297</u>	<u>Ps. 33,915,050</u>

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For the years ended December 31, 2021 and 2020, depreciation expense was recognized as follows:

	<u>2021</u>	<u>2020</u>
Cost of sales.....	Ps. 2,099,503	Ps. 2,084,352
Selling and administrative expenses.....	521,773	521,260
	<u>Ps. 2,621,276</u>	<u>Ps. 2,605,612</u>

At December 31, 2021 and 2020, property, plant and equipment included idle assets with a carrying value of approximately Ps.61,228 and Ps.63,045, respectively, resulting from the temporary shut-down of the productive operations of various plants in Mexico, mainly in the corn flour division in Mexico.

For the year ended December 31, 2021 and 2020, the Company recognized impairment losses from fixed assets of Ps.47,533 and Ps.9,548, respectively, in Other income (expenses), net. The impairment loss for 2021 corresponds to the subsidiary Gruma Corp, which is within the Corn flour and packaged tortilla (United States) segment and the impairment loss in 2020 correspond to the subsidiary Grupo Industrial Maseca, S.A. de C.V., which is within the “Corn flour” segment (Mexico), respectively.

## 11. LEASES

Leases information where the Company acts as a lessee is as follows.

### A) AMOUNTS RECOGNIZED IN THE BALANCE SHEET

As of December 31, 2021 and 2020, the consolidated balance sheet presents the following amounts related to leases:

	<u>At December 31, 2021</u>	<u>At December 31, 2020</u>
<b>Right-of-use assets:</b>		
Land.....	Ps. 560	Ps. 3,570
Buildings.....	5,508,228	5,822,824
Machinery and equipment.....	445,858	372,444
	<u>Ps. 5,954,646</u>	<u>Ps. 6,198,838</u>
<b>Lease liabilities:</b>		
Short term.....	Ps. 772,660	Ps. 717,338
Long term.....	5,795,113	5,962,332
	<u>Ps. 6,567,773</u>	<u>Ps. 6,679,670</u>

The additions to right-of-use assets in 2021 and 2020 are Ps.1,147,572 and Ps.2,256,717, respectively.

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The following table presents the changes in the Company's lease liabilities:

	<u>2021</u>	<u>2020</u>
Beginning balance.....	Ps. 6,679,670	Ps. 5,016,238
New contracts.....	1,147,572	2,256,717
Lease payments.....	(1,226,634)	(1,114,028)
Foreign currency Exchange effect.....	11,419	17,901
Financia expenses.....	331,425	353,646
Full or partial termination of contracts <sup>(a)</sup> .....	(555,792)	-
Exchange differences.....	180,113	149,196
Ending balance.....	<u>Ps. 6,567,773</u>	<u>Ps. 6,679,670</u>

(a) During fiscal year 2021, a cancellation of a lease contract liability is included for an amount of Ps.391,229 due to the fact that the Company exercised the purchase option in the lease contract to acquire the property originally leased. The Company made this purchase of the property for an amount of Ps.917,351. This cancellation of the lease did not generate penalties for the Company.

**B) AMOUNTS RECOGNIZED IN THE INCOME STATEMENT**

For the years ended December 31, 2021 and 2020, the consolidated income statement presents the following amounts related to leases:

	<u>2021</u>	<u>2020</u>
Depreciation expense of the right-of-use assets:		
Land.....	Ps. 877	Ps. 867
Buildings.....	766,522	753,577
Machinery and equipment.....	230,703	290,386
	<u>Ps. 998,102</u>	<u>Ps. 1,044,830</u>
Interest expense.....	Ps. 331,425	Ps. 353,646
Loss for foreign currency Exchange effect.....	11,419	17,901
Short-term lease expense.....	443,542	375,444
Lease expense for low value assets .....	55,279	57,579
Expenses related to variable lease payments not included in the lease liability.....	664	1,626

Total cash flow from leases for the years ended December 31, 2021 and 2020 amounted to Ps.1,726,119 and Ps.1,548,677, respectively.

**C) DESCRIPTION OF LEASE ACTIVITIES**

The Company, as a lessee, enters into various lease contracts related to facilities and equipment. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Lease agreements do not impose compliance with any financial ratios. Leased assets cannot be sold or used as collateral to obtain debt.



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**D) VARIABLE LEASE PAYMENTS**

Certain lease agreements contain terms of variable payments that depend on a price index, so the rent payable is modified during the term of the lease. Possible future increases in variable lease payments are considered as part of the lease liability until effective; at that time, the lease liability is reassessed, and the right-of-use asset is adjusted.

**12. INTANGIBLE ASSETS**

Changes in intangible assets for the years ended December 31, 2021 and 2020 were as follows:

	Intangible assets acquired					Total
	Goodwill	Covenants not to compete	Patents and trade- marks	Customer lists	Software for internal use and other	
<b>At December 31, 2019</b>						
Cost.....	Ps. 3,493,418	Ps. 467,091	Ps. 154,857	Ps. 247,434	Ps. 835,099	Ps. 5,197,899
Accumulated amortization.....	-	(453,918)	(78,281)	(147,882)	(392,602)	(1,072,683)
Net book value.....	<u>3,493,418</u>	<u>13,173</u>	<u>76,576</u>	<u>99,552</u>	<u>442,497</u>	<u>4,125,216</u>
<b>For the year ended December 31, 2020</b>						
Opening net book value...	3,493,418	Ps. 13,173	Ps. 76,576	Ps. 99,552	Ps. 442,497	Ps. 4,125,216
Exchange differences.....	315,800	1,326	7,638	13,520	24,624	362,908
Additions.....	-	-	-	-	21,449	21,449
Amortization charge.....	-	(7,536)	-	(21,216)	(14,560)	(43,312)
Impairment.....	(342,446)	-	-	-	-	(342,446)
Others.....	-	-	-	-	(171,233)	(171,233)
Closing net book value...	<u>3,466,772</u>	<u>6,963</u>	<u>84,214</u>	<u>91,856</u>	<u>302,777</u>	<u>3,952,582</u>
<b>At December 31, 2020</b>						
Cost.....	3,466,772	468,248	170,161	277,766	710,186	5,093,133
Accumulated amortization.....	-	(461,285)	(85,947)	(185,910)	(407,409)	(1,140,551)
Net book value.....	<u>3,466,772</u>	<u>6,963</u>	<u>84,214</u>	<u>91,856</u>	<u>302,777</u>	<u>3,952,582</u>
<b>For the year ended December 31, 2021</b>						
Opening net book value...	3,466,772	6,963	84,214	91,856	302,777	3,952,582
Exchange differences.....	(34,037)	(1,016)	(4,749)	(4,236)	(1,036)	(45,074)
Additions.....	3,008	-	-	60	123,689	126,757
Amortization charge.....	-	(5,947)	-	(19,025)	(12,108)	(37,080)
Impairment.....	(3,008)	-	-	-	-	(3,008)
Others.....	-	-	(15,101)	15,101	-	-
Closing net book value...	<u>3,432,735</u>	<u>-</u>	<u>64,364</u>	<u>83,756</u>	<u>413,322</u>	<u>3,994,177</u>
<b>At December 31, 2021</b>						
Cost.....	3,432,735	468,913	169,314	271,744	831,178	5,173,884
Accumulated amortization.....	-	(468,913)	(104,950)	(187,988)	(417,856)	(1,179,707)
Net book value.....	<u>Ps. 3,432,735</u>	<u>Ps. -</u>	<u>Ps. 64,364</u>	<u>Ps. 83,756</u>	<u>Ps. 413,322</u>	<u>Ps. 3,994,177</u>

At December 31, 2021 and 2020, only trademarks and goodwill, are considered indefinite-lived intangible assets.

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For the years ended December 31, 2021 and 2020, amortization expense of intangible assets amounted to Ps.37,080 and Ps.43,312, respectively, which were recognized in the income statement as selling and administrative expenses.

Research and development costs of Ps.154,936 and Ps.143,045 that did not qualify for capitalization were recognized in the income statement for the years ended December 31, 2021 and 2020, respectively.

Goodwill acquired in business combinations is allocated at acquisition date to the cash-generating units (CGU) that are expected to benefit from the synergies of the business combinations. The carrying values of goodwill allocated to the CGU or a group of CGU are as follows:

<u>Cash-generating unit</u>	<u>At December 31, 2021</u>	<u>At December 31, 2020</u>
Mission Foods Division (1).....	Ps. 1,244,301	Ps. 1,198,180
Gruma Spain (2).....	816,991	859,351
Gruma UK (2).....	111,771	117,566
Azteca Milling, L.P (1).....	247,614	239,978
Gruma Corporation.....	212,765	212,765
Rositas Investments Pty, Ltd (2).....	219,982	226,039
NDF Azteca Milling Europe SRL (2).....	134,235	143,624
Grupo Industrial Maseca, S.A. de C.V.....	98,622	98,622
Semolina, A.S (2).....	39,682	67,906
Agroindustrias Integradas del Norte, S.A. de C.V (3).....	86,325	86,325
Gruma Centroamérica (2).....	51,207	51,207
Solntse Mexico (2).....	45,001	43,756
Alterra LLC (2).....	44,139	41,353
Molinos Azteca de Chiapas, S.A. de C.V (3).....	28,158	28,158
Harinera de Yucatán, S.A. de C.V (3).....	18,886	18,886
Harinera de Maíz de Mexicali, S.A. de C.V (3).....	17,424	17,424
Molinos Azteca, S.A. de C.V (3).....	8,926	8,926
Harinera de Maíz de Jalisco, S.A. de C.V (3).....	6,706	6,706
	<u>Ps. 3,432,735</u>	<u>Ps. 3,466,772</u>

- (1) Subsidiary of Gruma Corporation  
(2) Subsidiary of Gruma International Foods, S.L.  
(3) Subsidiary of Grupo Industrial Maseca, S.A. de C.V.

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In 2021 and 2020, the discount rates and growth rates used by the Company to determine the discounted cash flows of the CGU are the following:

<b>Cash-generating unit</b>	<b>After-tax discount rates</b>		<b>Growth rates</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Mission Foods Division.....	2.6%	2.3%	1.9%	0.0%
Gruma Spain.....	5.1%	5.7%	2.5%	2.0%
Gruma UK.....	4.4%	4.4%	2.4%	2.4%
Azteca Milling, L.P.....	3.9%	3.6%	1.9%	0.0%
Gruma Corporation.....	2.6%	2.3%	1.9%	0.0%
Rositas Investment PTY, LTD.....	3.8%	3.5%	2.4%	2.7%
NDF Azteca Milling Europe SRL.....	5.5%	6.3%	1.5%	3.2%
Grupo Industrial Maseca, S.A. de C.V.....	3.5%	4.8%	2.0%	2.0%
Semolina A.S.....	8.7%	9.4%	3.6%	4.0%
Agroindustrias Integradas del Norte, S.A. de C.V.....	5.9%	6.1%	2.2%	2.0%
Gruma Centroamérica.....	8.0%	10.6%	3.2%	3.0%
Soltse Mexico.....	5.5%	6.2%	2.3%	2.3%
Altera LLC.....	8.8%	10.5%	3.7%	3.9%
Molinos Azteca de Chiapas, S.A. de C.V.....	5.8%	6.1%	2.2%	2.0%
Harinera de Yucatán, S.A. de C.V.....	5.8%	6.1%	2.2%	2.0%
Harinera de Maíz de Mexicali, S.A. de C.V.....	5.8%	6.1%	2.2%	2.0%
Molinos Azteca, S.A. de C.V.....	5.8%	6.1%	2.2%	2.0%
Harinera de Maíz de Jalisco, S.A. de C.V.....	5.8%	6.1%	2.2%	2.0%

The discount rate used reflects the Company's specific risks related to its operations. The long-term growth rate used is consistent with projections included in industry reports.

With respect to the determination of the CGU's value in use, the Company's management considered that a possible change of an increase of 100 basis points in the discount rate after taxes and a decrease of 10% in the long-term growth rates, in independent analysis, will not cause that the CGU's carrying value to materially exceed their value in use and separately. The recovery amount of cash-generating units has been determined based on calculations of the values in use. These calculations use cash flow projections based on financial budgets approved by the Company's management for a 5-year period.

As a result of the impairment test mentioned in Note 3-H that is applied annually to goodwill, the Company recognized in fiscal year 2020, a non-monetary impairment charge of Ps.342,446 in its operating results in "Other income (expenses), net", due to the impairment of goodwill associated with Gruma UK's cash-generating unit. This impairment loss reflects a decrease in the recovery value of this CGU of the European segment, due to the impact that its operations had caused by the COVID-19 pandemic, by the departure of the United Kingdom as a member state of the European Union (Brexit) and by the operational strategic changes implemented by the Company in the geographic region in which the CGU operates.

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**13. DEFERRED TAX ASSETS AND LIABILITIES**

**A) COMPONENTS OF DEFERRED TAX**

The principal components of deferred tax assets and liabilities are summarized as follows:

	(Asset) Liability	
	At December 31, 2021	At December 31, 2020
Net operating loss carryforwards and other tax credits.....	Ps. (1,977,651)	Ps. (2,305,839)
Lease liability.....	(1,713,750)	(1,747,881)
Customer advances.....	(154)	(1,920)
Allowance for doubtful accounts.....	(12,452)	(8,718)
Accumulated Liabilities .....	(1,039,054)	(1,024,245)
Deferred income for trademarks license with subsidiary.....	(339,915)	(521,766)
Other.....	(20,188)	(143,395)
Deferred tax asset.....	<u>(5,103,164)</u>	<u>(5,753,764)</u>
Property, plant and equipment, net.....	1,466,911	1,461,288
Right-of-use asset, net.....	1,561,916	1,610,727
Prepaid expenses.....	31,008	15,220
Intangible assets.....	3,610	198,369
Investment in subsidiaries.....	1,323,618	1,231,757
Derivative financial instruments.....	235,144	175,828
Other.....	5,836	8,604
Deferred tax liability.....	<u>4,628,043</u>	<u>4,701,793</u>
Net provision for deferred tax.....	<u>Ps. (475,121)</u>	<u>Ps. (1,051,971)</u>

At December 31, 2021 and 2020, the Company did not recognize a deferred income tax asset of Ps.523,897 and Ps.369,345, respectively, for tax loss carryforwards, since sufficient evidence was not available to determine that these tax loss carryforwards will be realized during their amortization period. These tax losses expire in the year 2031.

At December 31, 2021 and 2020, the undistributed taxable income of subsidiaries in México amounted to Ps.5,171,936 and Ps.2,287,618, respectively. No deferred income tax has been recognized for this undistributed taxable income, since the Company has the ability to control the time for its reversal and it is probable that in the near future these temporary differences will not reverse. If the Company had not chosen this option, the deferred tax liability of these items would have amounted to Ps.1,551,580 and Ps.686,285 as of December 31, 2021 and 2020, respectively.

At December 31, 2021 and 2020, the Company recognized a deferred income tax liability of Ps. 1,323,618 and Ps.1,231,757, respectively, from undistributed taxable income generated as of 2018 by the Company's subsidiaries in the United States (Gruma Corporation and Subsidiaries) at a reduced rate for the effects of tax credits generated by the distributed profits. The reversal of this tax amount is made at the moment in which the subsidiaries distribute such profits to the Company through dividends.

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The changes in the temporary differences during the year were as follows:

	<b>Balance at January 1, 2021</b>	<b>Recogni- zed in income</b>	<b>Recognized in other compre- hensive income</b>	<b>Reclassifi- cations</b>	<b>Foreign currency translation</b>	<b>Balance at December 31, 2021</b>
Net operating loss carryforwards and other tax credits.....	Ps. (2,305,839)	Ps. 446,750	Ps. (196,758)	Ps. 79,742	Ps. (1,546)	Ps. (1,977,651)
Lease liability.....	(1,747,881)	77,918	-	-	(43,787)	(1,713,750)
Customer advances.....	(1,920)	1,766	-	-	-	(154)
Allowance for doubtful accounts	(8,718)	(3,643)	-	-	(91)	(12,452)
Accumulated liabilities.....	(1,024,245)	(22,094)	5,339	20,256	(18,310)	(1,039,054)
Prepaid expenses from trademark license with affiliates.....	(521,766)	201,488	(19,637)	-	-	(339,915)
Others.....	(143,395)	(9,499)	-	137,090	(4,384)	(20,188)
Deferred tax asset.....	(5,753,764)	692,686	(211,056)	237,088	(68,118)	(5,103,164)
Property, plant and equipment...	1,461,288	24,753	-	(76,704)	57,574	1,466,911
Right-of-use asset.....	1,610,727	(87,416)	-	-	38,605	1,561,916
Prepaid expenses.....	15,220	15,908	-	(120)	-	31,008
Intangible assets.....	198,369	(96,788)	-	(101,245)	3,274	3,610
Investment in subsidiaries.....	1,231,757	52,633	39,228	-	-	1,323,618
Derivative financial instruments.	175,828	23,098	93,322	(59,107)	2,003	235,144
Others.....	8,604	421	-	438	(3,627)	5,836
Deferred tax liability.....	4,701,793	(67,391)	132,550	(236,738)	97,829	4,628,043
Net provision for deferred taxes	Ps. (1,051,971)	Ps. 625,295	Ps. (78,506)	Ps. 350	Ps. 29,711	Ps. (475,121)

  

	<b>Balance at January 1, 2020</b>	<b>Recogni- zed in income</b>	<b>Recognized in other compre- hensive income</b>	<b>Reclassifi- cations</b>	<b>Foreign currency translation</b>	<b>Balance at December 31, 2020</b>
Net operating loss carryforwards and other tax credits.....	Ps. (2,310,089)	Ps. 20,169	Ps. (25,300)	Ps. 14,697	Ps. (5,316)	Ps. (2,305,839)
Lease liability.....	(1,249,593)	(443,266)	-	-	(55,022)	(1,747,881)
Customer advances.....	(3,628)	1,708	-	-	-	(1,920)
Allowance for doubtful accounts	(5,230)	(3,645)	-	-	157	(8,718)
Accumulated liabilities.....	(921,087)	(52,267)	(16,093)	(3,659)	(31,139)	(1,024,245)
Prepaid expenses from trademark license with affiliates.....	(304,723)	(202,179)	(14,864)	-	-	(521,766)
Derivative financial instruments.	(60,314)	-	60,314	-	-	-
Others.....	(144,938)	(10,065)	-	12,628	(1,020)	(143,395)
Deferred tax asset.....	(4,999,602)	(689,545)	4,057	23,666	(92,340)	(5,753,764)
Property, plant and equipment...	1,523,694	(111,042)	-	-	48,636	1,461,288
Right-of-use asset.....	1,221,016	335,942	-	-	53,769	1,610,727
Prepaid expenses.....	17,375	1,483	-	-	(3,638)	15,220
Intangible assets.....	188,955	491	-	-	8,923	198,369
Investment in subsidiaries.....	884,827	295,118	51,812	-	-	1,231,757
Derivative financial instruments.	-	157	172,606	-	3,065	175,828
Others.....	29,026	(1,303)	-	(14,695)	(4,424)	8,604
Deferred tax liability.....	3,864,893	520,846	224,418	(14,695)	106,331	4,701,793
Net provision for deferred taxes	Ps. (1,134,709)	Ps. (168,699)	Ps. 228,475	Ps. 8,971	Ps. 13,991	Ps. (1,051,971)

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**B) TAX LOSS CARRYFORWARDS**

At December 31, 2021, the Company had tax loss carryforwards, which amounted to approximately Ps.1,746,323. Based on projections prepared by the Company's management, is not enough evidence that these tax losses will be recovered, therefore, the Company did not recognize a deferred tax asset. Tax losses that will not be used have the following expiration dates:

<u>Year</u>	<u>Amount</u>
2022.....	Ps. 94,543
2023.....	217,290
2024 .....	69,215
2025 .....	15,244
2026 and thereafter.....	1,350,031
Total.....	<u>Ps. 1,746,323</u>

At December 31, 2021, the Company had recoverable taxes of Ps.1,959,423 which, based on projections prepared by the Company's management, could be applied to future taxable income, with expiration in 2031.

**C) UNCERTAIN TAX POSITIONS**

At December 31, 2021, the Company had not recorded a provision to recognize contingent tax effects.

At December 31, 2020, the Company recognized a liability for uncertain tax positions of Ps.9,236, excluding interest and penalties, and it is included in Other non-current liabilities. The following table shows a reconciliation of the Company's uncertain tax positions, excluding interest and penalties:

	<u>2021</u>	<u>2020</u>
Uncertain tax positions at beginning of year.....	Ps. 9,236	Ps. 6,822
Translation adjustment of the beginning balance.....	295	400
Settlements.....	(5,208)	(3,631)
Additions from changes in facts and circumstances.....	-	5,645
Prescription.....	(4,323)	-
Uncertain tax positions at end of year.....	<u>Ps. -</u>	<u>Ps. 9,236</u>

It is expected that the amount of uncertain tax positions will change in the next 12 months; however, the Company does not expect the change to have a significant impact on its consolidated financial position or results of operations. In 2021, the Company did not accrued interests and penalties related to uncertain tax positions and during 2020 accrued Ps.1,456 for these concepts.

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**D) TAX EFFECTS FROM OTHER COMPREHENSIVE INCOME**

Deferred taxes related to other comprehensive income are comprised of:

	<u>At December 31, 2021</u>	<u>At December 31, 2020</u>
Foreign currency translation adjustments.....	Ps. (177,166)	Ps. 11,648
Remeasurement of employment benefit obligations.....	5,338	(16,093)
Cash flow hedges reserve .....	93,322	232,920
Total.....	<u>Ps. (78,506)</u>	<u>Ps. 228,475</u>

**14. DEBT**

Debt is summarized as follows:

Short-term:	<u>As of December 31, 2021</u>	<u>As of December 31, 2020</u>
Bank loans.....	Ps. 873,300	Ps. 145,861
Current portion of long-term bank loans, notes and debt securities.....	252,184	2,574,318
	<u>Ps. 1,125,484</u>	<u>Ps. 2,720,179</u>
Long-term:	<u>As of December 31, 2021</u>	<u>As of December 31, 2020</u>
Bank loans, .....	Ps. 23,587,603	Ps. 22,729,555
Current portion of long-term bank loans, notes and debt securities.....	(252,184)	(2,574,318)
	<u>Ps. 23,335,419</u>	<u>Ps. 20,155,237</u>

The terms, conditions and carrying values of debt are as follows:

	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>As of December 31, 2021</u>	<u>As of December 31, 2020</u>
10-year Senior notes <sup>(b)</sup> .....	USD	4.875%	2024	Ps. 8,209,835	Ps. 7,948,807
Bank Loan <sup>(a)</sup> .....	USD	2.789%	2025	5,122,061	4,957,827
Club loan <sup>(a)</sup> .....	USD	Libor + 1.00%	2026	4,095,644	-
Debt securities .....	Pesos	TIIE + 0.38%*	2023	2,995,851	2,993,818
Debt securities <sup>(b)</sup> .....	Pesos	7.00%	2028	1,991,702	-
Bank Loan <sup>(b)</sup> .....	Euros	0.95%	2026	1,048,709	1,103,083
Bank Loan .....	Pesos	TIIE + 0.15%	2022	750,000	-
Bank Loans .....	Euros	17.75% - 27%	2022	123,300	-
Bank Loan .....	Euros	1.53%	2024	118,334	165,960
Bank Loans .....	Euros	3.95%	2022-2027	5,467	7,717
Syndicated loan <sup>(a)</sup> .....	USD	LIBOR + 1.0%	2022	-	2,149,908
Club Loan.....	Pesos	TIIE + 0.55%	2021	-	2,000,000
Revolving Loan <sup>(a)</sup> .....	USD	LIBOR + 0.75%	2022	-	1,396,409
Bank Loans .....	USD	LIBOR + 1.25%	2021	-	89,769
Bank Loans.....	Euros	14.10% - 16.75%	2021	-	56,092
Bank Loan .....	Euros	EURIBOR + 0.65%	2018-2021	-	6,026
Total.....				<u>Ps. 24,460,903</u>	<u>Ps. 22,875,416</u>

(a) Quarterly interest payments; (b) Semiannual interest payments; the rest of the liabilities pay interest monthly or at maturity.

\* Effective rate of 8.52% considering interest rate swap.

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As of December 31, 2021 and 2020, short-term debt had an average interest rate of 6.08% and 4.33%, respectively. As of December 31, 2021 and 2020, Net Comprehensive Financing Cost included interest expense related to debt amounting to Ps.1,195,904 and Ps.1,190,609, respectively.

As of December 31, 2021, the annual maturities of long-term debt outstanding were as follows:

<u>Year</u>	<u>Amount</u>
2023.....	Ps. 3,245,399
2024.....	8,459,382
2025.....	5,332,165
2026.....	4,305,748
2027 and thereafter	1,992,725
Total.....	<u>Ps. 23,335,419</u>

On March 30, 2021, the Company obtained a club loan for \$200 million dollars, which was granted jointly by The Bank of Nova Scotia and Bank of America México, SA, Multiple banking institution, for a term of 5 years, accruing interest at a LIBOR rate plus a spread of 100 basis points and payable in a single installment at maturity. The funds from this loan were used by the Company to repay debt denominated in dollars and pesos.

On May 19, 2021, as part of its revolving short- and long-term Debt Securities Program for a total authorized amount of Ps.8,000,000, the Company, carried out a public offering of long-term debt securities in the local debt markets for Ps.2,000,000, with a 7 year term and accruing interest at a fixed annual rate of 7.0%. The funds from this public offering were used by the Company to repay long-term debt in pesos maturing in September 2021.

On June 3, 2021, the Company terminated its committed revolving credit facilities for \$250 million dollars with Rabobank as administrative agent and for \$120 million dollars with The Bank of Nova Scotia as administrative agent. On the same date, the Company closed a new committed revolving facility for \$250 million dollars (Ps.5,145,875), with Rabobank as administrative agent and equal participation from Rabobank, Bank of America, JP Morgan, The Bank of Nova Scotia and Credit Agricole. The new facility has a floating rate of LIBOR plus 1.15%, an unused fee of 0.32% per year, a term of 5 years, as well as restrictions in line with the other current credits. As of December 31, 2021, the entirety of the new committed facility is available.

As of December 31, 2021, the Company has contracted committed lines of credit for Ps.10,291,750 (\$500 million dollars), which are available and require the quarterly payment of unused fees from 0.10% to 0.32%, which are recognized as part of the financial expenses for the year.

The current loan documentation contains various obligations, mainly regarding compliance with financial ratios and delivery of financial information, which if not complied with or remedied within a certain period to the satisfaction of the creditors, could be considered as a cause for early termination.



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Financial ratios are calculated according with the formulas established in the credit agreements. The main financial ratios contained in the credit agreements are the following:

- Interest coverage ratio, defined as the ratio of consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of the last twelve months to consolidated interest charges of the last twelve months, should not be less than 2.50 to 1.00.
- Net Leverage ratio, defined as the ratio of consolidated net debt (determined as the sum of the outstanding principal balance of consolidated indebtedness and guarantees of the Company for obligations with third parties unrelated to the Company's core business minus cash and cash equivalents), to consolidated EBITDA of the last twelve months, should be no greater than 3.50 to 1.00.

As of December 31, 2021 and 2020, the Company was in compliance with the financial covenants, as well as with the delivery of the required financial information.

The table below details the changes in the Company's debt arising from financing activities:

	<b>Short-term bank loans</b>	<b>Long-term bank loans, notes and debt securities</b>	<b>Total</b>
Balance at January 1, 2020	Ps. 587,076	Ps. 21,038,774	Ps. 21,625,850
Proceeds from debt.....	9,835,087	3,919,834	13,754,921
Payment of debt.....	(9,869,708)	(3,576,760)	(13,446,468)
Effect of changes in foreign exchange rates.....	6,036	713,987	720,023
Debt issuance costs.....	-	(210)	(210)
Reclassification of current portion of long-term debt.....	2,150,769	(2,150,769)	-
Exchange differences.....	10,919	181,011	191,930
Other non-cash changes.....	-	29,370	29,370
Balance at December 31, 2020.....	<u>2,720,179</u>	<u>20,155,234</u>	<u>22,875,416</u>
Proceeds from debt.....	14,818,604	5,868,180	20,686,784
Payment of debt.....	(16,424,586)	(3,104,070)	(19,528,656)
Effect of changes in foreign exchange rates.....	22,389	469,034	491,423
Debt issuance costs.....	-	(33,539)	(33,539)
Exchange differences.....	(11,102)	(57,795)	(68,897)
Other non-cash changes.....	-	38,372	38,372
Balance at December 31, 2021.....	<u>Ps. 1,125,484</u>	<u>Ps. 23,335,419</u>	<u>Ps. 24,460,903</u>

## 15. TRADE ACCOUNTS PAYABLE

The Company has financing programs by which suppliers can discount their notes with different financial institutions (Citibanamex, BBVA, HSBC, Santander, Bank of America). The balance payable derived from these programs is recognized within trade accounts payable in the balance sheet. The financial cost for these operations is a charge to suppliers.

	<b>At December 31, 2021</b>	<b>At December 31, 2020</b>
Discounted balance payable by suppliers.....	<u>Ps. 3,202,816</u>	<u>Ps. 1,557,498</u>

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**16. PROVISIONS**

The movements of provisions are as follows:

	<u>Labor provisions</u>	<u>Restoration provision</u>	<u>Tax provision</u>	<u>Legal Provision</u>	<u>Total</u>
<b>Balance at January 1, 2020.....</b>	Ps. 498,305	Ps. 149,027	Ps. 2,978	Ps. 95,231	Ps. 745,541
Charge (credit) to income:					
Additional provisions.....	424,110	44,482	634	-	469,226
Unused amounts reserved.....	-	-	(2,151)	-	(2,151)
Used during the year.....	(272,505)	-	(439)	(107,965)	(380,909)
Exchange differences.....	17,633	5,339	256	12,734	35,962
<b>Balance at December 31, 2020.....</b>	<u>667,543</u>	<u>198,848</u>	<u>1,278</u>	<u>-</u>	<u>867,669</u>
Charge (credit) to income:					
Additional provisions.....	239,584	7,214	188	-	246,986
Unused amounts reserved.....	-	(10,659)	(1,197)	-	(11,856)
Used during the year.....	(266,547)	(14,306)	-	-	(280,853)
Exchange differences.....	20,973	6,151	51	-	27,175
<b>Balance at December 31, 2021.....</b>	<u>Ps. 661,553</u>	<u>Ps. 187,248</u>	<u>Ps. 320</u>	<u>Ps. -</u>	<u>Ps. 849,121</u>

The classification of provisions is as follows:

	<u>Labor provisions</u>	<u>Restoration provision</u>	<u>Tax provision</u>	<u>Legal provision</u>	<u>Total</u>
<b>At December 31, 2020:</b>					
Current.....	Ps. 127,093	Ps. -	Ps. -	Ps. -	Ps. 127,093
Non-current.....	540,450	198,848	1,278	-	740,576
	<u>Ps. 667,543</u>	<u>Ps. 198,848</u>	<u>Ps. 1,278</u>	<u>Ps. -</u>	<u>Ps. 867,669</u>
<b>At December 31, 2021:</b>					
Current.....	Ps. 202,789	Ps. -	Ps. -	Ps. -	Ps. 202,789
Non-current.....	458,764	187,248	320	-	646,332
	<u>Ps. 661,553</u>	<u>Ps. 187,248</u>	<u>Ps. 320</u>	<u>Ps. -</u>	<u>Ps. 849,121</u>

**Labor provisions**

In the United States, when permitted by law, the Company self insures against workers' compensation claims arising from medical expenses incurred due to work accidents or illness. For uncovered risks, the Company estimates the associated liabilities through an actuarial calculation, considering historical information of claims, demographic factors, severity of past events and other actuarial assumptions; to estimate the expected outflows of economic resources and projected timing of the settlement of these claims. At December 31, 2021 and 2020, the discount rate applied was 3.22% and 2.67% respectively. At December 31, 2021 and 2020, the Company has Ps.25,215 (U.S.\$1,225 thousands) and Ps.24,976 (U.S.\$1,252 thousands) of expected insurance reimbursements that are included in consolidated balance sheet as a component of accounts receivable.

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**Restoration provision**

In the United States, the Company has recognized an obligation to remove equipment and leasehold improvements from certain of its leased manufacturing facilities in order to restore the facilities to their original condition, less normal wear and tear as determined by the terms of the lease. The Company has estimated the expected outflows of economic resources associated with these obligations and the probability of possible settlement dates based upon the terms of the lease. These estimates are used to calculate the present value of the estimated expenditures using a before tax discount rate and taking into account any specific risks associated with these obligations. At December 31, 2021 and 2020 the discount rate applied was 4.21% and 3.72% respectively.

**17. OTHER CURRENT LIABILITIES**

At December 31, 2021 and 2020, Other current liabilities include mainly the following:

	<u>At December 31, 2021</u>	<u>At December 31, 2020</u>
Employee benefits payable.....	Ps. 1,444,601	Ps. 1,427,294
Dividends payable.....	1,023,641	1,140,063
Promotion and advertising payable.....	417,300	425,550
Deferred income.....	327,483	269,647
Freights.....	243,003	215,580

The rest of the items that comprise Other current liabilities correspond to accrued expenses payable.

**18. EMPLOYEE BENEFITS OBLIGATIONS**

Employee benefits obligations recognized in the balance sheet, by country, were as follows:

<u>Country</u>	<u>At December 31, 2021</u>	<u>At December 31, 2020</u>
Mexico.....	Ps. 961,334	Ps. 943,227
United States and Europe.....	104,111	97,070
Central America.....	51,482	48,093
Total.....	<u>Ps. 1,116,927</u>	<u>Ps. 1,088,390</u>

**A) MEXICO**

In Mexico, labor obligations recognized by the Company correspond to the single-payment retirement plan and seniority premium. The benefits for the retirement plan and seniority premium are defined benefit plans, based on the projected salary at the date in which the employee is assumed to receive the benefits. Currently, the plan operates under Mexican law, which does not require minimum funding.

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

- Investment risk. The expected return rate for investment funds is equivalent to the discount rate, which is calculated using a discount rate determined by reference to long-term government bonds; if the return on plan asset is below this rate, it will create a plan deficit. Due to the long-term nature of the plan liabilities, the Company considers appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the fund.
- Interest risk. A decrease in the interest rate will increase the plan liability; the volatility in interest rates depends exclusively in the economic environment.
- Longevity risk. The present value of the defined benefit plan liability is calculated by reference to the best estimate of mortality of plan participants. 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 expectancy of the plan participants will increase the plan's liability.

The reconciliation between the beginning and ending balances of the present value of the defined benefit obligations (DBO) is as follows:

	<u>2021</u>	<u>2020</u>
DBO at beginning of the year.....	Ps. 1,002,069	Ps. 911,342
Add (deduct):		
Current service cost.....	71,688	95,415
Financial cost.....	66,158	62,095
Remeasurement for the period.....	(33,219)	76,282
Benefits paid.....	<u>(86,403)</u>	<u>(143,065)</u>
DBO at end of the year.....	<u>Ps. 1,020,293</u>	<u>Ps. 1,002,069</u>

The reconciliation between the beginning and ending balances of the employee benefit plan assets at fair value for the years 2021 and 2020 is shown below:

	<u>2021</u>	<u>2020</u>
Plan assets at fair value at beginning of the year..	Ps. 58,842	Ps. 61,408
Add (deduct):		
Return on plan assets.....	3,089	3,224
Return on plan assets recognized in other comprehensive income.....	<u>(2,972)</u>	<u>(5,790)</u>
Plan assets at fair value at end of the year.....	<u>Ps. 58,959</u>	<u>Ps. 58,842</u>

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The following table shows the reconciliation between the present value of the defined benefit obligation and the plan assets at fair value, and the projected net liability included in the balance sheet:

	<u>At December 31, 2021</u>	<u>At December 31, 2020</u>
Employee benefit (assets) liabilities:		
DBO.....	Ps. 1,020,293	Ps. 1,002,069
Plan assets.....	(58,959)	(58,842)
Employee benefits obligations.....	<u>Ps. 961,334</u>	<u>Ps. 943,227</u>

The value of the DBO related to the pension plan amounted to Ps.866,453 and Ps.862,857 at December 31, 2021 and 2020, respectively, while the value of the DBO related to seniority premiums amounted to Ps.153,840 and Ps.139,212, respectively.

At December 31, 2021 and 2020, the components of net cost comprised the following:

	<u>2021</u>	<u>2020</u>
Current service cost.....	Ps. 71,688	Ps. 95,415
Financial cost.....	66,158	62,095
Return on plan assets.....	(3,089)	(3,224)
Net cost for the year.....	<u>Ps. 134,757</u>	<u>Ps. 154,286</u>

The net cost for the year related to the pension plan amounted to Ps.114,869 and Ps.139,145 at December 31, 2021 and 2020, respectively, while the net cost related to seniority premiums amounted to Ps.19,888 and Ps.15,141, respectively.

The net cost for the year 2021 of Ps.134,757 (Ps.154,286 in 2020) was recognized in income as cost of sales for Ps.13,585 (Ps.24,134 in 2020), selling and administrative expenses for Ps.58,103 (Ps.71,281 in 2020) and interest expense for Ps.63,069 (Ps.58,871 in 2020).

Remeasurements of the defined benefit obligation recognized in other comprehensive income are comprised of:

	<u>2021</u>	<u>2020</u>
Return on plan assets (excluding amounts included in net cost of the year).....	Ps. 2,972	Ps. 5,790
Actuarial losses arising from changes in financial assumptions.....	(67,226)	45,540
Actuarial losses arising from experience adjustments.....	34,007	30,742
	<u>Ps. (30,247)</u>	<u>Ps. 82,072</u>

The total amount recognized in other comprehensive income is described below:

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year.....	Ps. 618,914	Ps. 536,842
Remeasurements that occurred during the year...	(30,247)	82,072
Balance at the end of the year.....	<u>Ps. 588,667</u>	<u>Ps. 618,914</u>

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At December 31, 2021 and 2020, plan assets stated at fair value and related percentages with respect to total plan assets were analyzed as follows:

	<u>At December 31,</u> <u>2021</u>		<u>At December 31,</u> <u>2020</u>			
Equity securities, classified by type of industry:	Ps.	37,633	64%	Ps.	29,149	50%
Consumer industry.....		8,958			8,359	
Financial institutions.....		28,675			20,790	
Fixed rate securities.....		21,236	36%		29,693	50%
Fair value of plan assets.....	Ps.	58,959	100%	Ps.	58,842	100%

As of December 31, 2021, the funds maintained in plan assets were considered sufficient to face the Company's short-term needs; therefore, the Company's management has determined that for the time being there is no need for additional contributions to increase these assets.

The main actuarial assumptions used were as follows:

	<u>At December</u> <u>31, 2021</u>	<u>At December</u> <u>31, 2020</u>
Discount rate.....	7.75%	6.75%
Future increase rate in compensation levels.....	4.50%	4.50%
Long-term inflation rate.....	3.50%	3.50%

At December 31 2021 and 2020, the impact in DBO for a decrease of 25 basis points in the discount rate amounts to Ps. 20,324 and Ps.16,122, respectively. This sensitivity analysis is based on the change in the discount rate while keeping constant the rest of the assumptions. In practice, this is unlikely to occur, and changes in some of the assumptions can be correlated. The methods used in preparing the sensitivity analysis did not change from those used in prior years.

The average duration of the benefit obligation at December 31, 2021 and 2020 is 12 and 11 years.

The Company does not expect to contribute during the next fiscal year.

**Labor subcontracting reform:**

On April 23, 2021, several provisions were published in the Federal Labor Law, Social Security Law, Law of the Institute of the National Housing Fund for Workers (INFONAVIT), Federal Tax Code, Income Tax Law and Law of the Value Added Tax in order to regulate the subcontracting of personnel.

In general terms, the main aspects are: a) prohibit the subcontracting of personnel, b) incorporate rules into the current legislation that allow legal and individual entities to contract only specialized services or the execution of specialized works, provided that they are not part of the corporate purpose or the predominant economic activity of the beneficiary of the same, c) establish maximum amounts for the payment of Employee's Statutory profit sharing (PTU), and d) creation of the Registry of Providers of Specialized Services and Specialized Works (REPSE) of the Ministry of Labor and Social Welfare (STPS).

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These entered into force the day after their publication, except for what refers to the obligations indicated in fiscal matters which entered into force on August 1, 2021 and those of the regulations of Section B), of the Federal Law of Workers to State Service that will come into force in 2022.

The Company carried out an analysis on the application of these new provisions and did not have a material impact on the financial statements.

**B) UNITED STATES**

In the United States, the Company has a savings and investment plan that incorporates voluntary employee 401(k) contributions with matching contributions from the Company up to 4% of eligible employees' salaries. This plan, available to the majority of employees not covered by collective bargaining agreements permits contributions from 1% to 25% of such employees' annual compensation, as defined in the plan agreement. For the years ended December 31, 2021 and 2020, total expenses related to this plan amounted to Ps.176,427 and Ps.185,852, respectively (U.S.\$8,657 and U.S.\$8,607 thousands, respectively).

Additionally, the Company has established an unfunded nonqualified deferred compensation plan for a selected group of management and highly compensated employees. The plan is voluntary and allows employees to defer a portion of their salary or bonus in excess of the savings and investment plan limitations. The employees elect investment options and the Company monitors the result of those investments and records a liability for the obligation. For the years ended December 31, 2021 and 2020, total (income) expenses related to this plan were approximately Ps.16,446 and Ps.18,764, respectively (U.S.\$807 and U.S.\$869 thousands, respectively).

At December 31, 2021 and 2020, the liability recognized for both plans amounted to Ps.104,111 and Ps.97,070, respectively (U.S.\$5,058 and U.S.\$4,866 thousands, respectively).

**C) OTHER COUNTRIES**

In Central America, the retirement and severance provisions are determined according to the current Labor Legislation of each country. At December 31, 2021 and 2020, the liability recognized for this item amounted to Ps. 38,761 and Ps.33,733, respectively, and the total labor obligation cost amounted Ps. 6,596 and Ps.7,609, respectively. In Europe, as of December 31, 2021 and 2020, the liability recorded for this concept amounts to \$12,721 and \$14,360, respectively, and the total expenses derived for the same concept were \$2,860 and \$2,943, respectively.

**19. EQUITY**

**A) COMMON STOCK**

At December 31, 2021, the Company's outstanding common stock consisted of 381,031,849 Series "B" shares, with no par value, fully subscribed and paid, which can only be withdrawn with stockholders' approval and 13,174,067 treasury shares.

The Extraordinary General Shareholders' Meeting held on April 23, 2021 approved the cancellation of 11,285,140 ordinary, nominative shares, without expression of nominal value, series "B", Class I, issued by Gruma S.A.B. de C.V. which have been repurchased by the Company.

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At December 31, 2020, the Company's outstanding common stock consisted of 397,297,269 Series "B" shares, with no par value, fully subscribed and paid, which can only be withdrawn with stockholders' approval and 8,193,787 treasury shares.

The Extraordinary General Shareholders' Meeting held on April 24, 2020, approved the cancellation of 15,466,437 ordinary, nominative shares, without expression of nominal value, series "B", Class I, issued by Gruma S.A.B. de C.V. which have been repurchased by the Company.

## **B) RETAINED EARNINGS**

The Income Tax Law established a 10% tax rate on earnings from 2014 and thereafter, for dividend paid to foreign residents and Mexican individuals; additionally, this law stated that for the years 2001 to 2013, the net taxable income would be determined in accordance with the Income Tax Law effective for each year.

Dividends paid are not subject to income tax if paid from the Net Tax Profit Account (CUFIN) and will be taxed at a rate that fluctuates between 32% and 35% if paid from the reinvested Net Tax Profit Account. Dividends paid that exceed CUFIN and reinvested CUFIN are subject to an income tax payable at a rate of 30% if paid in 2022. The tax is payable by the Company and may be credited against the normal income tax payable by the Company in the year in which the dividends are paid or in the following two years. Dividends paid from earnings previously taxed are not subject to any withholding or additional tax payment. As of December 31, 2021, CUFIN amounted to Ps.15,651,293.

### **Legal reserve**

The legal reserve must be increased annually by 5% of annual net profits, included within retained earnings, until it reaches a fifth of the fully paid common stock amount.

For the years ended December 31, 2021 and 2020, the legal reserve balance was Ps.1,072,719

### **Repurchase of common stock**

The Shareholders' Meeting held on April 23, 2021 approved to increase the reserve to repurchase the Company's own shares up to Ps.7,000,000, which is included within retained earnings.

The Shareholders' Meeting held on April 24, 2020 approved to increase the reserve to repurchase the Company's own shares up to Ps.7,000,000, which is included within retained earnings.

The maximum amount of proceeds that can be used to purchase the Company's own shares cannot exceed, in any case, the net earnings of the entity, including retained earnings.

When purchasing of the Company's own shares, the amount of the consideration paid, including the direct costs attributable to such acquisition, is recognized as a decrease in the Company's equity. When the shares are re-placed, the consideration received is recognized within the equity.



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The difference between the acquisition cost of the repurchased shares and their stated value is recognized as part of the reserve to repurchase the Company's own shares, which is included within retained earnings from prior years. Stated value of the shares is determined by the quotient resulting from dividing common stock paid by the number of the Company's outstanding shares. The gain or loss on the sale of the Company's own shares is recorded in retained earnings.

The movements of the reserve for acquisition of Company's own shares for the years ended December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year .....	Ps. 5,215,580	Ps. 2,022,293
Increase in the reserve for repurchase of Company's own shares during the year .....	2,503,605	6,419,806
Purchase of Company's own shares during the year....	(3,802,207)	(3,226,519)
Balance at the end of the year.....	<u>Ps. 3,916,978</u>	<u>Ps. 5,215,580</u>

At December 31, 2021, the Company has purchased 13,174,067 of its own shares at a market value of Ps. 3,458,456 as of that date.

**C) FOREIGN CURRENCY TRANSLATION ADJUSTMENTS**

Foreign currency translation adjustments consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year.....	Ps. 2,408,513	Ps. 464,953
Effect of the year from translating net investment in foreign subsidiaries.....	540,365	2,657,547
Exchange differences arising from foreign currency liabilities accounted for as a hedge of the Company's net investments in foreign subsidiaries.....	(490,493)	(713,987)
Balance at end of year.....	<u>Ps. 2,458,385</u>	<u>Ps. 2,408,513</u>

At December 31, 2021 and 2020, the debt denominated in U.S. dollars for up to U.S.\$850 and U.S.\$829 million, respectively, generated a hedge on the investment of the Company in its subsidiaries in the United States (Gruma Corporation and subsidiaries).

During 2021 and 2020, the Company received dividends from its United States subsidiary Gruma Corporation amounting to Ps.4,811,387 (US\$235 million) and Ps.8,862,314 (U.S.\$390 million) respectively.

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**20. FINANCIAL INSTRUMENTS**

**A) FINANCIAL INSTRUMENTS BY CATEGORY**

The carrying values of financial instruments by category are presented below:

	<b>At December 31, 2021</b>			
	<b>Financial assets and liabilities at amortized cost</b>	<b>Financial assets and liabilities at fair value through profit or loss</b>	<b>Financial assets and liabilities at fair value with changes in other comprehensive income</b>	<b>Total categories</b>
<b><u>Financial assets:</u></b>				
Cash and cash equivalents.....	Ps. 5,248,129	Ps. -	Ps. -	Ps. 5,248,129
Derivative financial instruments .....	-	3,700	964,164	967,864
Accounts receivable (Note 7).....	9,250,047	-	-	9,250,047
Long term notes receivable and other (Note 9).....	223,922	-	-	223,922
<b><u>Financial liabilities:</u></b>				
Current debt.....	1,125,484	-	-	1,125,484
Short-term lease liability.	772,660	-	-	772,660
Trade accounts payable...	8,754,924	-	-	8,754,924
Short- term derivative financial instruments.....	-	9,386	86,334	95,720
Long-term debt.....	23,335,419	-	-	23,335,419
Long-term lease liability.	5,795,113	-	-	5,795,113
Long-term derivative financial instruments.....	-	-	7,359	7,359
Other liabilities (excludes non-financial liabilities).....	1,483,766	-	-	1,483,766

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	At December 31, 2020			
	Financial assets and liabilities at amortized cost	Financial assets and liabilities at fair value through profit or loss	Financial assets and liabilities at fair value with changes in other comprehensive income	Total categories
<b>Financial assets:</b>				
Cash and cash equivalents.....	Ps. 6,172,754	Ps. -	Ps. -	Ps.6,172,7544
Derivative financial instruments (1).....	-	546,650	518,119	1,064,769
Accounts receivable (Note 7).....	8,724,063	-	-	8,724,063
Long term notes receivable and other (Note 9).....	181,487	-	-	181,487
<b>Financial liabilities:</b>				
Current debt.....	2,720,179	-	-	2,720,179
Short-term lease liability.	717,338	-	-	717,338
Trade accounts payable...	6,220,081	-	-	6,220,081
Short- term derivative financial instruments.....	-	645,405	402,310	1,047,715
Long-term debt.....	20,155,237	-	-	20,155,237
Long-term lease liability.	5,962,332	-	-	5,962,332
Long-term derivative financial instruments.....	-	-	181,110	181,110
Other liabilities (excludes non-financial liabilities).....	1,707,912	-	-	1,707,912

(1) Includes assets for Ps.544,410 related to the valuation of firm commitments for corn purchases.

**B) FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of cash and cash equivalents, accounts receivable, trade accounts payable and other current liabilities approximate their fair value, due to their short maturity. In addition, the net book value of accounts receivable and recoverable taxes represents the expected cash flow to be received.

The estimated fair value of the Company's financial instruments is as follows:

	At December 31, 2021	
	Carrying amount	Fair value
<b>Assets:</b>		
Derivative financial instruments – exchange rate.....	Ps. 12,923	Ps. 12,923
Derivative financial instruments – corn.....	729,129	729,129
Derivative financial instruments – fuel.....	5,147	5,147
Derivative financial instruments – soybean oil .....	5,096	5,096
Derivative financial instruments – wheat.....	215,569	215,569
Long-term notes receivable and other.....	223,922	238,074

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**Liabilities:**

10-year Bonds in U.S. dollars bearing fixed interest at an annual rate of 4.875%.....	8,209,834	8,965,185
Short and long-term debt.....	16,251,069	16,428,914
Short and long-term lease liability.....	6,567,774	6,567,774
Derivative financial instruments – natural gas .....	51,988	51,988
Derivative financial instruments – soybean oil .....	2,105	2,105
Derivative financial instruments – exchange rate.....	8,741	8,741
Derivative financial instruments – interest rate.....	40,245	40,245

**At December 31, 2020**

	<u>Carrying amount</u>	<u>Fair value</u>
<b>Assets:</b>		
Derivative financial instruments – exchange rate.....	Ps. 9,196	Ps. 9,196
Derivative financial instruments – corn(1).....	842,475	842,475
Derivative financial instruments – fuel.....	28,574	28,574
Derivative financial instruments – wheat.....	184,524	184,524
Long-term notes receivable and other.....	181,487	198,742

**Liabilities:**

10-year Bonds in U.S. dollars bearing fixed interest at an annual rate of 4.875%.....	7,948,807	8,999,497
Short and long-term debt.....	14,926,609	15,516,280
Short and long-term lease liability.....	6,679,670	6,679,670
Derivative financial instruments – natural gas .....	1,169	1,169
Derivative financial instruments – corn.....	547,046	547,046
Derivative financial instruments – exchange rate.....	383,825	383,825
Derivative financial instruments – interest rate.....	296,785	296,785

(1) Includes assets for Ps.544,410 related to the valuation of firm commitments for corn purchases.

The fair values at December 31, 2021 and 2020 were determined by the Company as follows:

- The fair values of bonds in U.S. dollars were determined based on available market prices. Fair values of bonds are classified as level 1 in the fair value hierarchy.
- The fair value for the rest of the long-term debt was based on the present value of the cash flows discounted at interest rates based on readily observable market inputs. Fair value of long-term debt is classified as level 2 in the fair value hierarchy. The average discount rate used was 4.57% in 2021 and 1.96% in 2020.
- Long-term notes receivable are classified as level 2 in the fair value hierarchy. Its fair value was based on the present value of future cash flows using a discount rate of 5.82% and 6.06% in 2021 and 2020, respectively.

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**C) DERIVATIVE FINANCIAL INSTRUMENTS**

At December 31, 2021 derivative financial instruments comprised the following:

Type of contract	Notional amount	Fair value	
		Asset	Liability
Wheat futures .....	5,105,000 Bushels	Ps. 212,779	Ps. -
Soybean oil futures .....	12,600,000 Pounds	5,096	-
Soybean oil futures .....	2,160,000 Pounds	-	2,105
Wheat swaps .....	415,000 Bushels	2,790	-
Corn swaps .....	67,090,000 Bushels	710,109	-
Corn options <sup>(1)</sup> .....	49,440,000 Bushels	18,110	-
Corn puts <sup>(1)</sup> .....	5,510,000 Bushels	910	-
Natural gas futures and swaps.....	7,080,000 Mmbtu	-	50,806
Diesel swaps.....	255,695 Gallons	5,147	-
Diesel swaps.....	450,000 Gallons	-	1,182
Exchange rate forwards.....	35,625 thousands USD	12,923	-
Exchange rate forwards and options.....	229,700 thousands USD	-	8,741
Interest rate swaps.....	3,000,000 MXN	-	40,245

(1) Within the open positions of financial instruments of corn options, Ps. 664,317 were recorded for change in temporary value of the hedged item to determine ineffectiveness and a loss of Ps. 646,207 for change in intrinsic value of the hedge instruments since inception.

(2) Within the open positions of financial instruments of corn options, a gain of Ps. 39,353 was recorded for change in temporary value of the hedged item to determine ineffectiveness and a loss of Ps. 38,443 for intrinsic value of the hedge instruments since inception

At December 31, 2021, open positions of corn, wheat, gas natural and fuel derivatives were recorded at fair value. The result of the valuation at December 31, 2021 of financial instruments that qualified as cash flow hedge represented a gain of Ps.898,242, which was recognized in comprehensive income within equity. At December 31, 2021, the Company had open positions of financial instruments for corn, wheat, natural gas and fuel that did not qualify as hedge accounting. These open positions represented an income of Ps.354, which was recognized in the income statement as Other income (expenses), net. These positions were contracted, mainly during 2021 and with an expiration date in 2022.

For the year ended December 31, 2021, the Company transferred the amount of Ps.877,252 from cash flow hedges reserve and recognized it as part of inventory. This amount refers to the loss from the terminated operations for corn and wheat hedges, in which the grain, subject to these hedges, was received.

For operations concluded during 2021, for corn and wheat derivatives that qualified as hedge accounting and for which no grain was physically received, a gain of Ps.558,645 was recognized in comprehensive income. It is expected that in the following 12-month period, corn and wheat derivatives that qualified as hedge accounting will affect the Company's results of the year. The completed operations of fuel derivative instruments that qualified as cash flow hedges generated a loss of Ps.4,951, which was applied within equity in the comprehensive income line item. Operations terminated as of December 31, 2021 on corn, natural gas and fuel derivatives that did not qualify as hedge accounting represented a gain of Ps.432,494 which was recognized in the income statement as Other income (expenses), net (Note 22).

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Exchange rate derivative financial instruments were recorded at fair value. The result of the valuation at December 31, 2021 of for the positions of exchange rate derivative financial instruments that qualified as cash flow hedge represented a gain of Ps.12,460, which was recognized in comprehensive income within equity, these positions were contracted, mainly, during 2021 and with an expiration date in 2022. At December 31, 2021, open positions of the instruments that did not qualify as hedge accounting resulted in a gain of approximately Ps.92,717 recognized in income statement. Exchange rate derivatives terminated in 2021 that qualified as cash flow hedge represented a profit of Ps.6,163, which was recognized in comprehensive income within equity. Likewise, the terminated operations of these instruments that did not qualify as hedge accounting represented a loss of Ps.126,472, which was recognized in income statement. During the year ended on December 31, 2021, net losses of Ps.396,325 were transferred from reserve for cash flow hedges and recorded as part of inventory.

As of December 31, 2021, the open positions of interest rate swap instruments were recognized at fair value. The result of the valuation as of December 31, 2021 of the financial instruments that qualified as cash flow hedging was a loss of Ps.40,245, which was recognized as comprehensive income within equity. As of December 31, 2021, expired contracts represented a loss of Ps.110,544 which was applied to the results of the year in the financing cost section.

At December 31, 2021, the Company had revolving funds denominated “margin calls” amounting Ps.19,666, which are required to be applied against payments, due to price changes in the underlying asset.

At December 31, 2020 derivative financial instruments comprised the following:

Type of contract	Notional amount	Fair value	
		Asset	Liability
Corn futures .....	155,000 Bushels	Ps. -	Ps. 2,636
Wheat futures .....	6,025,000 Bushels	184,524	-
Corn swaps .....	9,355,000 Bushels	298,065	-
Corn swaps .....	(32,215,000) Bushels	-	544,410
Natural gas futures and swaps.....	4,800,000 Mmbtu	24,875	-
Diesel swaps .....	2,875,600 Gallons	3,699	-
Diesel swaps.....	306,834 Gallons	-	1,169
Exchange rate forwards.....	1,786 thousands USD	9,196	-
Exchange rate forwards and options.....	314,500 thousands USD	-	383,825
Interest rate swaps.....	3,000,000 MXN	-	296,785

At December 31, 2020, open positions of corn, gas natural and fuel derivatives were recorded at fair value. The result of the valuation at December 31, 2020 of financial instruments that qualified as cash flow hedge represented a gain of Ps.505,118, which was recognized in comprehensive income within equity. At December 31, 2020, the Company had open positions of financial instruments for corn, natural gas and fuel that did not qualify as hedge accounting. These open positions represented an income of Ps.8,960, which was recognized in the income statement as Other income (expenses), net.

For the year ended December 31, 2020, the Company transferred the amount of Ps.404,038 from cash flow hedges reserve and recognized it as part of inventory. This amount refers to the loss from the terminated operations for corn and wheat hedges, in which the grain, subject to these hedges, was received.

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As of December 31, 2020, the Company has commitments for corn purchases as well as financial instruments that qualified as fair value hedges. This hedging instrument represents a loss of Ps.544,410. Changes in the fair value of derivative financial instruments that were designated and classified as fair value hedges are recorded in costs of sales in the income statement, together with changes in the fair value of the hedged item.

For operations concluded during the year for corn and wheat derivatives that qualified as hedge accounting and for which no grain was physically received, a gain of Ps.62,204 was recognized in comprehensive income. It is expected that in the following 12-month period, corn derivatives that qualified as hedge accounting will affect the Company's results of the year. Operations terminated as of December 31, 2020 on corn, natural gas and fuel derivatives that did not qualify as hedge accounting represented a loss of Ps.36,458 which was recognized in the income statement as Other income (expenses), net (Note 22).

Exchange rate derivative financial instruments were recorded at fair value. The result of the valuation at December 31, 2020 of for the positions of exchange rate derivative financial instruments that qualified as cash flow hedge represented a loss of Ps.273,635, which was recognized in comprehensive income within equity. At December 31, 2020, open positions of the instruments that did not qualify as hedge accounting resulted in a loss of approximately Ps.83,289 recognized in income. Exchange rate derivatives terminated in 2020 that qualified as cash flow hedge represented a loss of Ps.113,111, which was recognized in comprehensive income within equity. Likewise, the terminated operations of these instruments that did not qualify as hedge accounting represented a loss of Ps.111,187, which was recognized in income. During the year ended on December 31, 2020, net income of Ps.227,924 were transferred from reserve for cash flow hedges and recorded as part of inventory.

As of December 31, 2020, the open positions of interest rate swap instruments were recognized at fair value. The result of the valuation as of December 31, 2020 of the financial instruments that qualified as cash flow hedging was a loss of Ps.296,785, which was recognized as comprehensive income within equity. As of December 31, 2020, expired contracts represented a loss of Ps.66,751, which was applied to the results of the year in the financing cost section.

At December 31, 2020, the Company had revolving funds denominated "margin calls" amounting Ps.334,294, which are required to be applied against payments, due to price changes in the underlying asset.

#### **D) FAIR VALUE HIERARCHY**

A three-level hierarchy is used to measure and disclose fair values. An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation.

The following is a description of the three hierarchy levels:

- Level 1— Quoted prices for identical instruments in active markets.
- Level 2— Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3— Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

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This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

**a. Determination of fair value**

When available, the Company generally uses quoted market prices to determine fair value and classifies such items in Level 1. If quoted market prices are not available, fair value is valued using industry standard valuation models. When applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rates, currency rates, volatilities, etc. Items valued using such inputs are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some inputs that are readily observable. In addition, the Company considers assumptions for its own credit risk and the respective counterparty risk.

**b. Measurement**

Assets and liabilities measured at fair value are summarized below:

	<b>At December 31, 2021</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<i>Assets:</i>			
Plan assets – seniority premium fund....	Ps. 58,959	Ps. -	Ps. 58,959
Derivative financial instruments– exchange rate.....	-	12,923	12,923
Derivative financial instruments–corn ..	51,559	677,570	729,129
Derivative financial instruments–wheat	212,779	2,790	215,569
Derivative financial instruments– soybean oil .....	5,096	-	5,096
Derivative financial instruments–fuel....	5,147	-	5,147
	Ps. 333,540	Ps. 693,283	Ps. 1,026,823
<i>Liabilities:</i>			
Derivative financial instruments – exchange rate.....	Ps. -	Ps. 8,741	Ps. 8,741
Derivative financial instruments – soybean oil.....	2,105	-	2,105
Derivative financial instruments – fuel...	21,072	30,916	51,988
Derivative financial instruments – interest rate .....	-	40,245	40,245
	Ps. 23,177	Ps. 79,902	Ps. 103,079
	<b>At December 31, 2020</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
<i>Assets:</i>			
Plan assets – seniority premium fund....	Ps. 58,842	Ps. -	Ps. 58,842
Derivative financial instruments– exchange rate.....	-	9,196	9,196
Derivative financial instruments–corn(1)	26,168	816,307	842,475
Derivative financial instruments–wheat	184,524	-	184,524
Derivative financial instruments–fuel....	12,454	16,120	28,574
	Ps. 281,988	Ps. 841,623	Ps. 1,123,611



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*Liabilities:*

Derivative financial instruments – exchange rate.....	Ps.	-	Ps.	383,825	Ps.	383,825
Derivative financial instruments – corn..		2,636		544,410		547,046
Derivative financial instruments – fuel...		1,169		-		1,169
Derivative financial instruments – interest rate .....		-		296,785		296,785
	<u>Ps.</u>	<u>3,805</u>	<u>Ps.</u>	<u>1,225,020</u>	<u>Ps.</u>	<u>1,228,825</u>

(1) Includes assets for Ps.544,410 related to the valuation of firm commitments for corn purchases

**Level 1 - Quoted prices for identical instruments in active markets**

Financial instruments that are negotiated in active markets are classified as Level 1. The inputs used in the Company’s financial statements to measure the fair value include quoted market prices of corn and wheat listed on the Chicago Board of Trade.

**Level 2 - Quoted prices for similar instruments in active markets**

Financial instruments that are classified as Level 2 refer mainly to quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, as well as model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Derivative financial instruments - exchange rate

Exchange rate derivative financial instruments were recorded at fair value, which was determined using future cash flow discounted to present value. Significant data used to determine the fair value of these instruments is as follows:

		<u>2021</u>		<u>2020</u>
Forward exchange rate .....	Ps.	20.58	Ps.	19.95
Discount rate.....		5.82%		6.06%

Derivative financial instruments - fuel

Fuel derivative financial instruments were recorded at fair value, which was determined using future cash flow discounted to present value, using quoted market prices of fuel listed in the NYMEX Exchange.

Derivative financial instruments - corn

Corn derivative financial instruments that qualify as Level 2 were recorded at fair value. Valuation techniques used to value these financial instruments include market quotations or quotations for similar instruments and other, such as the cash flow discount analysis, which is used to determine the fair value of corn swaps.

During the period, there were no transfers between Levels 1 and 2.

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**21. EXPENSES BY NATURE**

Expenses by nature are presented in the income statement within the captions of cost of sales and selling and administrative expenses and are analyzed as follows:

	<u>2021</u>	<u>2020</u>
Cost of raw materials consumed and changes in inventory (Note 8).....	Ps. 36,341,586	Ps. 32,337,028
Employee benefit expenses (Note 23).....	25,235,733	25,665,032
Depreciation.....	3,619,378	3,650,442
Amortization (Note 12).....	33,897	43,312
Lease expenses (Note 11).....	499,485	434,649
Research and development expenses (Note 12).....	154,936	143,045
Allowance for doubtful accounts (Note 7).....	44,383	154,368

**22. OTHER INCOME (EXPENSES), NET**

Other income (expenses), net comprised the following:

	<u>2021</u>	<u>2020</u>
Current employees' statutory profit sharing.....	Ps. (94,037)	Ps. (90,395)
Net gain income from sale of fixed assets.....	172,655	13,172
Impairment loss on long-lived assets (1).....	(50,541)	(351,994)
Income from recovery of insurance claims for damaged assets, net (2).....	202,765	361,945
Result from derivative financial instruments.....	414,174	(18,634)
Tax inflation adjustment in relation to the return of income tax from previous years.....	44,463	-
Others .....	8,281	-
Total.....	<u>Ps. 697,760</u>	<u>Ps. (85,906)</u>

(1) In 2020 includes a loss due to impairment of goodwill related to the Cash Generating Unit (CGU) in the United Kingdom for Ps.342,446 (See Note 12).

(2) In 2021 and 2020, amounts of Ps.202,799 and Ps.363,854, respectively, are included, corresponding to the income recognized in those years to the income recognized in said years for the claim that occurred during 2019 at the plant located in the Netherlands.

**23. EMPLOYEE BENEFIT EXPENSES**

Employee benefit expenses are comprised of the following:

	<u>2021</u>	<u>2020</u>
Salaries, wages and benefits (including termination benefits).....	Ps. 23,633,342	Ps. 24,024,813
Social security contributions.....	1,265,305	1,270,765
Employment benefits (Note 18).....	337,086	369,454
Total.....	<u>Ps. 25,235,733</u>	<u>Ps. 25,665,032</u>

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**24. COMPREHENSIVE FINANCING COST**

Comprehensive financing cost, net is comprised by:

	<u>2021</u>	<u>2020</u>
Bank financial expenses and others (Note 14).....	Ps. (1,315,185)	Ps. (1,324,949)
Financial lease expenses (Note 11) .....	(331,425)	(353,646)
Financial products .....	42,626	61,146
Result from derivative financial instruments (Note 20).....	(15,082)	(203,340)
Result from foreign exchange differences, net.....	(45,362)	(1,050,368)
Comprehensive financing cost, net.....	<u>Ps. (1,664,428)</u>	<u>Ps. (2,871,157)</u>

**25. INCOME TAX EXPENSE**

**A) INCOME BEFORE INCOME TAX**

The domestic and foreign components of income before income tax are the following:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Domestic.....	Ps. 1,120,579	Ps. 229,231
Foreign.....	8,498,128	8,248,017
	<u>Ps. 9,618,707</u>	<u>Ps. 8,477,248</u>

**B) COMPONENTS OF INCOME TAX EXPENSE**

The components of income tax expense are the following:

	<u>2021</u>	<u>2020</u>
Current tax:		
Current tax on profits for the year.....	Ps. (2,904,292)	Ps. (3,265,521)
Recover of tax due from prior years.....	67,589	-
Total current tax.....	<u>(2,836,703)</u>	<u>(3,265,521)</u>
Deferred tax:		
Origin and reversal of temporary differences.....	(625,295)	168,699
Total deferred tax.....	<u>(625,295)</u>	<u>168,699</u>
Total income tax expense.....	<u>Ps. (3,461,998)</u>	<u>Ps. (3,096,822)</u>

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Domestic federal, foreign federal and state income taxes in the consolidated statements of income consisted of the following components:

	<b>For the year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
Current:		
Domestic federal.....	Ps. (723,207)	Ps. (826,416)
Foreign federal.....	(1,760,816)	(2,086,425)
Foreign state.....	(352,680)	(352,680)
	<u>(2,836,703)</u>	<u>(3,265,521)</u>
Deferred:		
Domestic federal.....	(417,275)	(149,854)
Foreign federal.....	(205,170)	321,404
Foreign state.....	(2,850)	(2,851)
	<u>(625,295)</u>	<u>168,699</u>
Total income taxes.....	<u>Ps. (3,461,998)</u>	<u>Ps. (3,096,822)</u>

**C) RECONCILIATION OF FINANCIAL AND TAXABLE INCOME**

For the years ended December 31, 2021 and 2020, the reconciliation between statutory income tax amounts and the effective income tax amounts is summarized as follows:

	<b>2021</b>	<b>2020</b>
Statutory federal income tax (30% for 2021 and 2020).....	Ps. (2,885,612)	Ps. (2,543,174)
Inflation effects on tax values.....	(432,960)	(209,979)
Foreign income tax rate differences .....	(141,962)	(182,925)
Foreign recovery of income taxes for dividends.....	171,661	(124,909)
Recovery of taxes caused by previous years .....	67,589	-
Unrecognized tax loss carryforwards of the year.....	(258,141)	(32,501)
Nondeductible expenses and others.....	17,427	(3,334)
Effective income tax (35.99% and 36.53% for 2021 and 2020, respectively).....	<u>Ps. (3,461,998)</u>	<u>Ps. (3,096,822)</u>

**26. COMMITMENTS**

At December 31, 2021 and 2020, the Company has commitments to purchase grain and other raw materials in the United States for approximately Ps.6,463,219 and Ps.4,468,509, respectively (U.S.\$314,000 thousands and U.S.\$224,000 thousands, respectively), which will be delivered during 2022 and in Mexico for approximately Ps.6,944,749 and Ps.3,251,638, respectively (U.S.\$337,394 thousands and U.S.\$163,000 thousands, respectively), which will be delivered during 2021. The Company has concluded that there is no embedded derivative as a result of these contracts.

At December 31, 2021 and 2020, the Company has commitments to purchase machinery and equipment in the United States for approximately Ps.1,440,845 and Ps.678,256, respectively (U.S.\$70,000 thousands and U.S.\$34,000 thousands, respectively).

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**27. INVESTMENT IN VENEZUELA**

**Expropriation Proceedings and other measures by the Bolivarian Republic of Venezuela Government.-** On May 12, 2010, the Bolivarian Republic of Venezuela (the “Republic”) published the Decree number 7.394 in the Official Gazette of Venezuela (the “Expropriation Decree”), ordering the forced acquisition of all assets, property and real estate of the Company’s indirect subsidiary in Venezuela, Molinos Nacionales, C.A. (“MONACA”), through an expropriation proceeding to be initiated and processed with the participation of several agencies of the Republic. The Republic stated that the Expropriation Decree also extends to the Company’s indirect subsidiary, Derivados de Maíz Seleccionado, DEMASECA, C.A. (“DEMASECA”). The Republic took initial steps to carry out an administrative expropriation procedure in accordance with the Expropriation Decree, but then suspended said procedure indefinitely, which is still suspended to this date, therefore the expropriation has not been carried out.

GRUMA’s interests in MONACA and DEMASECA are held through two Spanish companies, Valores Mundiales, S.L. (“Valores Mundiales”), and Consorcio Andino, S.L. (“Consorcio Andino”). In 2010, Valores Mundiales and Consorcio Andino (jointly, the “Investors” or the “Claimants”) commenced conversations with the Republic regarding the Expropriation Decree and other measures related to the same, affecting MONACA and DEMASECA. Through the Investors, GRUMA participated in these conversations, in order to resolve the controversy caused by the Expropriation Decree and other measures imposed by the Republic. These conversations ceased without resulting in an agreement with the Republic.

Venezuela and the Kingdom of Spain are parties to a Treaty on Reciprocal Promotion and Protection of Investments, dated November 2, 1995 (the “Investment Treaty”), under which the Investors may settle investment disputes by means of arbitration before the International Centre for Settlement of Investment Disputes (“ICSID”). On November 9, 2011, the Investors, MONACA and DEMASECA formally notified the Republic about the dispute and their agreement to submit said dispute to ICSID arbitration if the parties were unable to reach an amicable agreement.

On January 22, 2013, as part of a criminal proceeding unrelated to MONACA and DEMASECA against a third party where precautionary measures were issued for the insurance of the assets of said third party which, in an extra-limited way, included MONACA and DEMASECA, the Republic published the Administrative Providence number 004-13 dated January 21 of the same year (the “Providence”) appointing special administrators for MONACA and DEMASECA granting them the broadest powers to execute actions for the continuity and non-interruption of the operation of companies and the broadest powers of administration to guarantee the safekeeping, custody, use and conservation of company assets. See section B) of this Note 27.

Consequently, in accordance with the provisions set forth in IFRS, the Company determined that as of January 22, 2013, it had lost the power to affect the variable returns of its subsidiaries in Venezuela and concluded that the appointment of special administrators with broad powers under the Providence had the effect of taking away its control over MONACA and DEMASECA and as a result, the Company proceeded to deconsolidate both subsidiaries and recognize its investment in Venezuela as a financial asset. Following the provisions set forth in IFRS, GRUMA performed impairment tests on the financial asset related to MONACA and DEMASECA and as of December 31, 2015, recognized an impairment of Ps.4,362,108 corresponding to the total value of said asset.

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On May 10, 2013, Valores Mundiales and Consorcio Andino submitted a Request for Arbitration to ICSID, which was registered on June 11, 2013 under case No. ARB/13/11. The purpose of the arbitration was to seek compensation for the damages caused by Venezuela's violation of the Investment Treaty. The tribunal that presided over this arbitration proceeding was constituted in January 2014.

On July 25, 2017, the tribunal decided the arbitration in favor of Valores Mundiales and Consorcio Andino, by dismissing the jurisdictional objections raised by the Republic and concluding that the Republic had violated provisions of the Investment Treaty. According to the Award issued by the arbitration tribunal, the Republic must pay US\$430.4 million to Valores Mundiales and Consorcio Andino as damages resulting from its violation of certain provisions of the Investment Treaty, plus compound interest at Libor +2% since January 22, 2013 and until the Award's effective payment date. As of December 31, 2021, the award plus interest amounts to approximately US\$565 million. The arbitration tribunal also ordered the Republic to pay US\$5.9 million for legal expenses incurred by the Claimants during the arbitration. Both, the amount of the award plus interest and the legal expenses incurred by the Claimants, were not recorded since they are considered a contingent asset under IAS 37.

In the Award, the arbitration tribunal granted most of the Claimants' claims and concluded that the Republic had violated the Investment Treaty by (i) not granting a fair and equitable treatment to the Claimants' investments; (ii) adopting arbitrary measures that hindered the management and evolution of the Claimants' investments; and (iii) preventing the free transfer of funds related to the Claimants' investments. The arbitration tribunal dismissed the indirect expropriation claim submitted by the Claimants, since the tribunal considered, amongst other reasons, that the administrative expropriation procedure ordered by the Expropriation Decree had not been concluded and the special administrators appointed by the Republic did not exercised control over the companies in a substantial way. The Claimants retain their right to commence a new claim against the Republic if the latter continues with the enforcement of the Expropriation Decree and materializes the transfer of the right of ownership of the assets subject to the Expropriation Decree.

On November 22, 2017, the Republic filed before the ICSID a request for annulment of the Award issued by the arbitration tribunal and the stay of enforcement of the same while said action is pending resolution. On December 7, 2017, ICSID registered the Republic's annulment request and provisionally stayed the enforcement of the Award. The Committee that will decide on the Award's annulment proceedings was finally constituted on May 23, 2018 ("Annulment Committee").

On June 4, 2018, the Republic formally requested that the Annulment Committee kept suspended the enforcement of the Award during the course of the annulment proceeding. After considering the arguments presented by the parties, on September 6, 2018, the Annulment Committee ordered the lifting of the provisional suspension of the enforcement of the Award, which allowed the Investors to begin legal actions to recognize and enforce the Award in different jurisdictions.

On December 21, 2021, the Annulment Committee notified the parties of its decision in the annulment proceeding of the Award initiated by the Republic, which was favorable to the Investors resolving (i) to reject in full the request for annulment of the Award raised by the Republic, (ii) to condemn the Republic to pay the Investors US\$2,348,034 for costs, and (iii) order the Republic to pay ICSID US\$660,032 for costs of the annulment proceedings. Against this resolution of the Annulment Committee, the Republic has no appeal, so the Award has become final.

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On January 8, 2019, the Investors filed a complaint with the Federal District Court in Washington, D.C. requesting recognition of the Award. The complaint for recognition of the Award was notified to the Republic by consular means on July 26, 2019, granting a period to answer until September 24, 2019 without Venezuela responding. Consequently, on October 21, 2019, the Investors requested the Judge to issue a judgment recognizing the Award considering the Republic's default. On March 3, 2020, representatives of the Republic appeared in the proceedings, answered the lawsuit and presented their objections to the passing of a default judgment. On March 16, 2020, the Investors asked the Tribunal to issue a summary judgment against Venezuela, to which Venezuela later objected and argued in favor of a judgment against the recognition of the Award. On November 17, 2020, the Judge ordered the suspension of the award recognition proceeding until the award annulment proceeding is resolved. Since the procedure for annulment of the Award has already been resolved, the Judge resumed the procedure for the recognition of the Award on January 24, 2021, thus the Investors' request remains pending to be resolved, to date.

Nevertheless, even though future discussions with the Republic could take place from time to time, the Company cannot assure that such discussions will be successful or will result in the Investors receiving adequate compensation, if any, for the violation to the Investment Treaty in the terms dictated in the Award or for the eventual enforcement of the Expropriation Decree by the Republic. Additionally, the Company cannot predict the results of the proceedings for the recognition and enforcement of the Award that the Investors commenced or may commence or the ramifications that costly and prolonged legal disputes could have on its results of operations or financial position, or the likelihood of collecting the Award.

On the other hand, the special administrators appointed through the Providence have been resigning their chargers, the last of them resigning at the end of 2018, without the Republic having appointed new special administrators, and since that moment there has been no direct or indirect participation by representatives of the Republic in the decision-making and management of the administration and operation of MONACA and DEMASECA. These administration activities are only carried out by MONACA and DEMASECA's management team, which is directed by its local Executive Committee in Venezuela. Although it could be concluded that some of the factual assumptions that were taken in account for the determination under IFRS regarding the loss of control no longer exist or have been mitigated, this does not change the previous conclusions following the IFRS guidelines. Likewise, the macroeconomic indicators used to determine the devaluation of the investment in Venezuela have continued deteriorating due to the economic and social situation in that country that has been negatively impacted by hyperinflation and significant currency devaluation.

Given that the enforcement of the Award may present material challenges, the impact of the Award in the Company cannot be reasonably assessed at this time. The Investors, jointly with its legal counsel, will adopt appropriate measures to preserve and defend their legal interests.

**Intervention Proceedings by the Republic.-** Due to a criminal proceeding, not related with MONACA and DEMASECA, initiated in Venezuela by the Republic against Mr. Ricardo Fernández Barrueco, on December 4, 2009, the Eleventh Investigations Court for Criminal Affairs of Caracas issued an order authorizing the precautionary seizure of Mr. Fernández Barrueco's assets, including assets in which he had any kind of interest. Based on the purported indirect minority interest that ROTCH ENERGY HOLDINGS, N.V., (company supposedly linked to Mr. Fernández Barrueco), previously had in MONACA and DEMASECA. MONACA and DEMASECA were included by the Republic amongst the assets of Mr. Fernández Barrueco to be seized and therefore were subject to the aforementioned precautionary measure. Between 2009 and 2012, the Ministry of Finance of Venezuela,

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pursuant to the precautionary measures ordered by the court and, for the purposes of enforcing them, appointed several special administrators regarding the assets of Mr. Fernandez Barrueco, including the indirect minority interest that Mr. Fernández Barrueco allegedly owned in MONACA and DEMASECA. On January 21, 2013, the Ministry of Justice and Internal Relations revoked the prior appointments made by the Ministry of Finance of Venezuela and made a new designation of special administrators in particular for MONACA and DEMASECA through the publication of the Providence, granting them the “broadest powers to execute actions for the continuity and non-interruption of the operation of companies and the broadest powers of administration to guarantee the safekeeping, custody, use and conservation of the companies’ assets.

As a result of the foregoing, MONACA and DEMASECA, as well as Consorcio Andino and Valores Mundiales, as direct shareholders of said companies, filed a petition as aggrieved third-parties to the criminal proceeding the Republic carried against Mr. Fernández Barrueco and that was not related to MONACA and DEMASECA, in order to revert the precautionary measures and all related actions, given that MONACA and DEMASECA were not and are not property of Mr. Fernández Barrueco and therefore should not have been affected by the precautionary measures established in the criminal proceeding against said person. On November 19, 2010, the Eleventh Investigations Court for Criminal Affairs of Caracas ruled that MONACA and DEMASECA are companies wholly owned and controlled by Valores Mundiales and Consorcio Andino, respectively. However, the court kept the precautionary measures issued on December 4, 2009 in effect, without substantiating their decision. An appeal has been filed, which has not been admitted and is pending resolution as of this date despite the multiple requests for pronouncement.

On July 30, 2014, the Twenty-Eighth Court in Trial Functions ordered the dismissal of the criminal case initiated by the Republic against Mr. Fernández Barrueco and ordered the lifting of all securing measures regarding his assets. This decision became final on July 18, 2017 by decision of the Chamber 1 of the Court of Appeals and its clarification of August 4, 2017, which ratifies the lifting of the measures for securing his assets. This decree of dismissal and the lifting of the securing measures regarding the assets of Mr. Fernández Barrueco, by firm decision, led to the decaying of the securing measures that were established against MONACA and DEMASECA, including the Providence, without as of this date existing any legal basis for such measures to remain in force. Therefore, in addition and regardless of the incident that had been promoted in the aforementioned criminal proceeding as injured third parties, on August 13, 2018, MONACA and DEMASECA requested that the Twenty-Eighth Trial Judge terminate and lift all precautionary measures decreed in the aforementioned criminal proceeding that affect these companies, including the Providence in which special administrators were appointed. MONACA and DEMASECA, have orally ratified this request on several occasions before the Judge and in written on October 29, 2018, October 3, 2019, August 19, 2021, and February 15, 2022, however, the Court has not issued a ruling.

The Company and its subsidiaries intend to exhaust all legal remedies available in order to safeguard and protect their legitimate interests.



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**28. CONTINGENCIES**

Additionally to the situation mentioned in Note 27, the Company and its subsidiaries are subject to litigation arising during the normal course of business. It is the Company's policy to accrue for amounts related to these legal matters if it is probable that a liability has been incurred and an amount is reasonably estimable (see Note 16). In the opinion of management, the resolution of these matters will not have a material adverse effect on the Company's consolidated financial statements.

**29. RELATED PARTIES**

**A) TRANSACTIONS WITH RELATED PARTIES**

For the year ended December 31, 2021 and 2020, the Company did not perform transactions with related parties.

**B) KEY MANAGEMENT PERSONNEL COMPENSATION**

Key management includes Board members, alternate Board members, officers and members of the Audit Committee and Corporate Practice Committee. The compensation paid to key management for employee services is shown below:

	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits.....	Ps. 329,913	Ps. 196,520
Termination benefits.....	-	37,422
Total.....	<u>Ps. 329,913</u>	<u>Ps. 233,942</u>

**C) BALANCES WITH RELATED PARTIES**

At December 31, 2021 and 2020, the Company had no balances with related parties.

**30. COVID-19 IMPACTS**

On March 11, 2020, the World Health Organization declared the new coronavirus disease (COVID-19) as a global pandemic. Governments have implemented various social and public health measures to reduce the transmission of the virus. These include measures of physical and social distancing, as well as movement restrictions. The Company has evaluated the impact that the COVID-19 pandemic has had on its estimates, assumptions and forecasts, and has included the additional disclosures deemed necessary in the consolidated financial statements. Given the changing nature and uncertainty of COVID-19, the Company will continue to assess the impact that could result on its financial situation and results of its operations.

**Impairment of non-current assets**

The Company carried out impairment tests using projected cash flows, which consider the predictable impacts of the measures related to COVID-19 and the economic perspective. As a result of these projections, during 2020, the Company recognized an impairment charge related to goodwill (see Note 12, Intangible Assets). As a result of the projections made in 2021, the Company did not identify any impairment charges to record.

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**Evaluation of the expected credit loss**

The balance receivable from customers have been carefully reviewed and changes in credit quality, including those related to COVID-19, have been integrated into the assessment of credit risk and expected credit losses. Prospective information on the expected economic effects of the pandemic has been considered. As of December 31, 2021 and 2020, the Company has not identified any significant risk among its customers and, therefore, did not recognize additional significant impairment due to expected credit losses on its accounts receivable.

**Impact on the Operating Income**

The Company incurred incremental costs directly related to COVID-19 during 2021 and 2020 to keep employees safe and ensure business continuity.

The main incremental costs related to COVID-19 that affected the operating results are estimated as follows:

	2021		2020
Bonuses for the front-line employees, costs related to safety (face masks, gloves, sanitizers, thermometers) and medical expenses.....	Ps. 330,835	Ps.	581,398
Donations.....	-		55,513
Other costs.....	103,892		135,991
Total.....	Ps. 434,727	Ps.	772,702

To mitigate these adverse factors, the Company increased its efforts in cost efficiency and discipline.

**31. SUBSEQUENT EVENTS**

**Change of Presentation Currency of Consolidated Financial Statements in 2022**

The Company has revised the presentation currency for the consolidated financial statements in accordance with the regulatory provisions contained in IAS 21, “The Effects of Changes in Foreign Exchange Rates”. With the approval of its Board of Directors on February 23, 2022, and prior favorable opinion of the Audit Committee on February 21, 2022, the Company decided to change its presentation currency from the Mexican peso to the US dollar for its consolidated financial statements as of January 1, 2022.

This decision considered that: a) the accounting rules allow choosing the presentation currency, based on the measure used by management to control and monitor the financial position and performance of the Company, b) the Company operates internationally, with the US dollar being the principal currency in the markets in which it participates; in 2021 the Company generated around 56% of its revenues in US dollars, and c) greater ease of analysis is expected for the different users of the consolidated financial information, including comparability with the financial reports of other global entities.

The Company will apply the change in presentation currency retrospectively as a change in accounting policy and will restate the consolidated financial statements as if the presentation currency had always been the US dollar, in accordance with IAS 21 and IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”.

**GRUMA, S.A.B. DE C.V. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2021 AND 2020**  
**(In thousands of Mexican pesos - Ps, except where otherwise indicated)**

**Situation in Ukraine and Russia**

On February 24, 2022, Russian military forces invaded Ukraine. This has resulted in the imposition of sanctions on Russia by the United States of America, the United Kingdom, the European Union and other countries, as well as counter sanctions imposed by Russia to such countries, all of which could continue to increase. It is likely that these sanctions and counter sanctions will increase, as well as other measures will be established in the short term. These sanctions are expected to have a significant global impact on economic growth, financial markets, interest rates, supply chains and prices of food and other inputs, as well as effects on Russia's local economy, such as strong pressure on its currency (ruble) and increase in inflation.

Production operations at the Ukraine plant have been temporarily suspended and the Company has focused on supporting and ensuring the safety of its employees. Additionally, the Company's contingency strategy has been initiated proactively to guarantee business continuity; this includes the fulfillment of commitments with clients located in other countries through other subsidiaries of the Company in Europe, as well as the placement of finished product inventory in the local Ukrainian market, mainly in the self-service channel.

The production plants in Russia continue to operate. The supply of inputs is obtained from the local market and the inventory of spare parts for the production equipment covers the following six months of operation.

In the consolidated financial statements as of December 31, 2021, the Ukrainian and Russian subsidiaries contribute assets that represent 0.7% and 1.77% of total assets, respectively, and their sales represent 0.4% and 1% of consolidated sales, respectively. Therefore, the impact on the Company's sales and earnings from this event is expected to have a low impact. However, higher prices for inputs such as wheat flour, impacts in supply chains and/or an escalation of the conflict that spreads beyond Russia and Ukraine, could lead to a higher risk of negative impact on the business or the operating results of the Company.

Any loss due to impairment in property, plant and equipment, as well as adjustment in the net realizable value of inventory and material change in the classification of financial assets, will be recognized, if applicable, in the first quarter of 2022, since the invasion does not represent evidence of pre-existing conditions as of December 31, 2021.

**32. FINANCIAL STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company's financial position or results of operations.

[ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY]

Audit Committee

C.P. Thomas S. Heather Rodriguez  
Chairman of the Audit Committee  
Gruma, S.A.B. de C.V.  
Calzada del Valle, No 407  
Col. Del Valle  
66220 Garza Garcia, N.L.

Monterrey, N.L., April 6, 2022

Dear Mr. Heather,

In compliance with the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission (Commission) that hire External Auditing for Basic Financial Statements Services (Provisions) issued on April 26, 2018, as amended, I hereby declare in accordance with article 37 of said Provisions, the following, in connection with the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2021:

- I. I am a certified public accountant with the valid registration number 17646 in the General Administration Federal Tax Audit (*Administración General de Auditoría Fiscal Federal*) (AGAFF), of the Tax Administration Service, issued on September 8, 2010. Additionally, the Firm I work in has the valid registration number 06839 in the AGAFF. Additionally, I comply with the other requirements indicated in articles 4 and 5 of the Provisions. To this date, both registrations are currently in force.
- II. From the date on which I provide my External Audit services, during the development of the same and until the issuance of the corresponding External Audit report, as well as the required communications and opinions in accordance with those indicated in Article 15 of the Provisions, as applicable, I comply with the requirements referred to in articles 4 and 5 of the Provisions. I also state that the Firm complies with the provisions of articles 6, 9 and 10, in relation to article 14 of the Provisions.
- III. That the Firm has documentary evidence of the implemented quality control system referred to in Article 9 of the Provisions and participates in a quality evaluation program that conforms to the requirements contemplated in Article 12 of the Provisions.
- IV. I grant my express consent to provide the Commission with the information it requires in order to verify compliance with the requirements described above.
- V. The Firm I work in, is obligated to keep physically or through digital images, or optical or electromagnetic means and for a period of not less than 5 years from the conclusion of the audit, all the documentation, information and other elements of judgment that cover the compliance of the previous requirements.
- VI. I have audited the basic financial statements of the Entity for 1 year; also, the Firm in which I work has provided the external audit service for approximately 31 years.

/S/

C.P.A. Felipe Córdova Otero  
Audit Partner

*[ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY]*

Audit Committee

C.P. Thomas S. Heather Rodriguez  
Chairman of the Audit Committee  
Gruma, S.A.B. de C.V.  
Rio de la Plata Ote. No. 407  
Col. Del Valle  
66220 Garza Garcia

Monterrey, N.L., April 27, 2022

Dear Mr. Heather,

In relation to the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2021, and in compliance with the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission that Hire External Auditing for Basic Financial Statements Services (Provisions), issued on April 26, 2018, as amended, I hereby grant my consent for the Issuer to include in the annual information referred to in articles 33, section I, subparagraph b), number 1. of the General Provisions Applicable to Securities' Issuers and other Securities Market's Participants, the audit report on the financial statements issued by me.

The above, in the understanding that I previously ensured that the information contained in the basic financial statements included in the corresponding annual report, as well as any other financial information contained in said document which derive from the referred financial statements or the audit report presented by me, corresponds to the audited information, in order for said information to become of public knowledge.

/S/

C.P.A. Felipe Córdova Otero  
Audit Partner

*[ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY]*

Audit Committee

C.P. Thomas S. Heather Rodriguez  
Chairman of the Audit Committee  
Gruma, S.A.B. de C.V.  
Rio de la Plata Ote. No. 407  
Col. Del Valle  
66220 Garza Garcia

Monterrey, N.L., April 27, 2022

Dear Mr. Heather,

In relation to the consolidated financial statements of Gruma, S.A.B. de C.V. (Issuer) for the year ended on December 31, 2020 and 2019 and in compliance with the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission that Hire External Auditing for Basic Financial Statements Services (Provisions), issued on April 26, 2018, as amended, I hereby grant my consent for the Issuer to include in the annual information referred to in articles 33, section I, subparagraph b), number 1. of the General Provisions Applicable to Securities' Issuers and other Securities Market's Participants, the audit report on the financial statements issued by me.

The above, in the understanding that I previously ensured that the information contained in the basic financial statements included in the corresponding annual report, as well as any other financial information contained in said document which derive from the referred financial statements or the audit report presented by me, corresponds to the audited information, in order for said information to become of public knowledge.

/S/

C.P.A. Víctor Gabriel Vecchi  
Audit Partner



## **AUDIT COMMITTEE REPORT FOR THE 2023 FISCAL YEAR**

April 15, 2024

**To the Board of Directors of GRUMA, S.A.B. DE C.V. (“GRUMA” or the “Company”)**

In compliance with article 43 of the Mexican Securities Law (*Ley del Mercado de Valores*), article 34 of the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission that Hire External Auditing Services for Basic Financial Statements (*Disposiciones de Carácter General Aplicables a las Entidades y Emisoras Supervisadas por la Comisión Nacional Bancaria y de Valores que Contraten Servicios de Auditoría Externa de Estados Financieros Básicos*), and article Twenty Sixth of the Company’s Bylaws, I hereby submit the report of activities carried out during the fiscal year ended in December 31, 2023. While establishing its work program, the Committee has considered the recommendations set forth in the Best Corporate Practices Code, and the applicable laws and regulations.

### **1. Internal Audit.**

We held periodical meetings with the head of the Company’s Corporate Internal Audit Department, in order to ensure the implementation of our internal control general guidelines, and the processes required for their execution and enforcement pursuant to our Internal Audit Evaluation Policy.

Work plans and quarterly reports from the Internal Audit Department of the Company were reviewed, including areas of opportunity, incidents, operating risks and a follow-up to the standardization of the internal control and self-evaluation processes of the Company. Furthermore, we were presented with follow-up reports on the observations found, with no material findings to disclose.

### **2. Ethics Code.**

We monitored the compliance with the Ethics Code that regulates the actions of directors, officers and employees; with no relevant cases to report up to this date.

The operation of the communication channel between officers and employees with the Audit Committee was supervised. We periodically verified that Management efficiently addressed any observations that required so. Furthermore, the scope of the aforementioned channel continued to expand.



### **3. External Audit.**

We recommend to the Board of Directors the ratification of the appointment of PricewaterhouseCoopers S.C., as the external auditors of the Company for the 2023 fiscal year. In connection to the above, we verified their independence and their compliance with the requirements established in the Mexican Securities Law and in the General Provisions Applicable to the Entities and Issuers Supervised by the National Banking and Securities Commission that Hire External Auditing Services for Basic Financial Statements. We jointly analyzed their scope and work program, as well as their coordination with the Internal Audit Department.

We periodically met with the external auditors and with the Company's Management, who we thoroughly interviewed, and all of our concerns were satisfactorily solved; therefore, we consider that the internal control and internal audit systems satisfactorily comply with their main purposes.

We reviewed the 2023 fiscal year external auditors work plan and their coordination with the Internal Audit Department and continued to follow-up on its implementation progress.

In our interviews and meetings of the Audit Committee with the auditors, we ensured compliance with rotation and independence requirements regarding their personnel. We also reviewed with them and with Management, the observations that were issued on internal control, as well as the objectives, procedures and scope of the external audit for the 2023 fiscal year. In our opinion, the external audit services adequately comply with applicable requirements.

We approve the basic financial statements external audit service fee proposal for the 2023 fiscal year, as well as the rendering of services other than the basic financial statements external audit services provided by PricewaterhouseCoopers S.C., for the period from May 1, 2023 to April 30, 2024. We consider that the approved services other than the external audit services do not affect the independence of the external audit firm towards the Company.

We recommend the Board of Directors to authorize the amount of fees for the basic financial statements external audit service for the 2023 fiscal year, to be rendered by the external audit firm PricewaterhouseCoopers S.C.

We recommend the Board of Directors to authorize the procurement of the services other than the basic financial statements external audit services for the period from May 1, 2023 to April 30, 2024, to be rendered by PricewaterhouseCoopers S.C., as well as the total payable amount for those services. These services mainly included





transfer pricing studies and their review, review of federal and state taxes, general tax consultation, address tax authorities' requirements, among others. In our opinion, the services, other than external audit services, received up to this date, adequately comply with applicable requirements.

We validated that the external audit firm, PricewaterhouseCoopers S.C., and its responsible Partner, dully complied with personnel, professional and independency requirements.

We evaluated the external audit firm's performance, as well as the performance of their responsible officer, in accordance with the External Audit Performance Evaluation Policy. Furthermore, it was determined that the content of their audit opinions, communications, opinions, and reports are of good quality and useful to this Committee. It is noted that these do not differ with Management, and that no observations arose regarding the Company's financial statements, nor were there any material internal control deficiencies.

During the fiscal year, no material observations were received from shareholders, directors, senior management, employees or third parties, in relation to the accounting, internal controls or internal and external auditing.

#### **4. Financial Information.**

We reviewed the quarterly financial information of the Company regarding the 2023 fiscal year, prior to the analysis of the information of each quarter and we concluded that such information was prepared in compliance with applicable financial information regulations. We did not identify any irregularities or omissions in the above information, and, consequently, agreed to its presentation to the Board of Directors and its publication.

Support was provided to the Board of Directors in relation to the preparation of the opinions and reports referred to in article 28, section IV, subsections "c", "d" and "e" in relation to the 2022 fiscal year. Additionally, the annual report of the activities carried out by this Committee during the 2022 fiscal year was prepared and presented to the Board of Directors and the Shareholders' Meeting.

We monitored the reports on exchange rate and corn purchases hedges on a quarterly basis, ensuring that the policies established by the Company for such purpose were complied with.

After reviewing the audited financial statements of the Company as of December 31, 2023, the external auditors' report, the communications issued by the external auditor and the accounting policies used in the process, we advise the Board of



Directors their approval to be presented to the consideration of the Shareholders' Meeting.

The financial statements were prepared in accordance with the International Financing Reporting Standards (IFRS), which also include the current International Accounting Standards (IAS), the related interpretations that are issued by the International Financial Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC), which were audited by the independent firm of public accountants PricewaterhouseCooper S.C.

#### **5. Internal Controls and Legal issues.**

We ensured the existence and trustworthiness of the internal controls established by GRUMA to fully comply with the different contractual obligations and legal provisions to which it is bound. Regarding information technologies, the progress, application systems and implementation of the G+ Project were reviewed, as well as the internal control material aspects associated with the implementations made.

We reviewed with the Corporate Legal Department the status of the main legal matters where the Company is involved, including the recognition and enforcement of the award issued within the international arbitration proceeding filed by GRUMA's Spanish subsidiaries, Valores Mundiales S.L. and Consorcio Andino S.L., against the Bolivarian Republic of Venezuela, as well as in relation to the compliance with laws and regulations applicable to GRUMA and its subsidiaries.

#### **6. In support of the Board of Directors.**

The Auditing Committee granted its favorable opinion regarding the arrangement of exchange rate and corn grain hedging instruments, in relation with the Company's corn purchases required for its operations during the 2023 fiscal year. Additionally, the Committee overviewed the Management's compliance of the authorizations granted by the Board of Directors. In our opinion, we concluded that these arrangements fully comply with the Company's intention to mitigate business risks to which it is exposed.

Furthermore, the Committee analyzed and granted its favorable opinion to the Board of Directors of GRUMA, regarding its plan to refinance existing credit facilities of GRUMA, through certain transactions, including, GRUMA CORPORATION contracting a revolving credit facility for US\$265 million granted by Bank of America, N.A., Cooperatieve Rabobank U.A., New York Branch, Wells Fargo Bank, National Association, BNP Paribas and CoBank, FCB, for a 5 year term and an interest rate of 1M SOFR plus a spread between 125 and 190 basis points which is dependent on GRUMA CORPORATION's net leverage ratio.



Additionally, the Committee monitored all the protocols and various measures implemented by GRUMA in all its divisions due to the COVID-19 pandemic, to ensure the continuity of its operations, which, until now, have all had an adequate effectiveness to mitigate the impact of this pandemic.

Finally, it is worth noting that we reviewed with the Management, the requirements from the CNBV and the report on non-recurring operations greater than 5% of the value of the Company's assets.

All the work carried out by the Committee was dully documented in each corresponding meeting minutes, which were reviewed and approved in a timely manner by the members of the Committee.

On behalf of the Audit Committee.

*[Illegible Signature]*

THOMAS S. HEATHER  
Chairman



## CORPORATE GOVERNANCE COMMITTEE REPORT FOR THE 2023 FISCAL YEAR

April 15, 2024

To the Board of Directors of GRUMA, S.A.B. DE C.V. (“GRUMA” or the “Company”):

In compliance with article 43 of the Mexican Securities Law (*Ley del Mercado de Valores*), as well as with article Twenty Sixth of the Company’s Bylaws, I hereby submit the report of activities carried out by the Corporate Governance Committee during the period from 1 January to 31 December 2023.

- 1. Performance of Senior Management.-** Evaluation of the performance of Senior Management was based on the financial results and compliance with their personal objectives set out within their responsibilities with the Company. Based on the evaluations carried out by the Human Resources department, it was confirmed that the performance of the Senior Management was satisfactory. Consequently, they received a performance bonus (variable compensation), in accordance with the Policies established by the Company.
- 2. Compensation of Senior Management.-** The aggregate compensation paid to the Chief Executive Officer and other Senior Managers of the Company during 2023 was reviewed and is within market value, compared to similar companies, and is in accordance with the Compensation Policies set forth by the Company.
- 3. Waivers.-** During the reported period, the Board of Directors did not grant any waiver to any Director, Senior Manager, or any other person with authority, to benefit from business opportunities for themselves or in favor of third parties, that correspond to the Company or its subsidiaries.
- 4. Material Operations.-** The Committee has been informed by management and the independent auditors of material related-party operations, which have been disclosed in the notes of the financial statements of the Company for the reported period.
- 5. Sustainability.-** The Committee noted and reviewed the progress and strategies related to the Company’s ongoing sustainability project (i.e., environmental, social and corporate governance initiatives).

On behalf of the Corporate Governance Committee.

[Illegible Signature]

THOMAS S. HEATHER  
Chairman



## AUDIT COMMITTEE REPORT FOR THE 2022 FISCAL YEAR

April 19, 2023

**To the Board of Directors of GRUMA, S.A.B. DE C.V. (“GRUMA”)**

In compliance with article 43 of the Mexican Securities Law (*Ley del Mercado de Valores*), article 34 of the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission that Hire External Auditing Services for Basic Financial Statements (*Disposiciones de Carácter General Aplicables a las Entidades y Emisoras Supervisadas por la Comisión Nacional Bancaria y de Valores que Contraten Servicios de Auditoría Externa de Estados Financieros Básicos*), and article Twenty Sixth of the Company’s Bylaws, I hereby submit the report of activities carried out during the fiscal year ended in December 31, 2022. While establishing its work program, the Committee has considered the recommendations set forth in the Best Corporate Practices Code, and the applicable laws and regulations.

### **1. Internal Audit.**

We held periodical meetings with the head of the Company’s Corporate Internal Audit Department, in order to ensure the implementation of our internal control general guidelines, and the processes required for their execution and enforcement pursuant to our Internal Audit Evaluation Policy.

Work plans and quarterly reports from the Internal Audit Department of the Company were reviewed, including areas of opportunity, incidents, operating risks and a follow-up to the standardization of the internal control and self-evaluation processes of the Company. Furthermore, we were presented with follow-up reports on the observations found, with no material findings to disclose.

### **2. Ethics Code.**

We monitored the compliance with the Ethics Code that regulates the actions of directors, officers and employees; with no relevant cases to report up to this date.

The operation of the communication channel between officers and employees with the Audit Committee was supervised. We periodically verified that Management efficiently addressed any observations that required so. Furthermore, the scope of the aforementioned channel continued to expand.



### **3. External Audit.**

We recommend to the Board of Directors the ratification of the appointment of PricewaterhouseCoopers S.C., as the external auditors of the Company for the 2022 fiscal year. In connection to the above, we verified their independence and their compliance with the requirements established in the Mexican Securities Law and in the General Provisions Applicable to the Entities and Issuers Supervised by the National Banking and Securities Commission that Hire External Auditing Services for Basic Financial Statements. We jointly analyzed their scope and work program, as well as their coordination with the Internal Audit Department.

We periodically met with the external auditors and with the Company's management, who we thoroughly interviewed, and all of our concerns were satisfactorily solved; therefore, we consider that the internal control and internal audit systems satisfactorily comply with their main purposes.

We reviewed the 2022 fiscal year external auditors work plan and their coordination with the Internal Audit Department and continued to follow-up on its implementation progress.

In our interviews and meetings of the Audit Committee with the auditors, we ensured compliance with rotation and independence requirements regarding their personnel. We also reviewed with them and with management, the observations that were issued on internal control, as well as the objectives, procedures and scope of the external audit for the 2022 fiscal year. In our opinion, the external audit services adequately comply with applicable requirements.

We approve the basic financial statements external audit service fee proposal for the 2022 fiscal year, as well as the rendering of services other than the basic financial statements external audit services provided by PricewaterhouseCoopers S.C., for the period from May 1, 2022 to April 30, 2023. We consider that the approved services other than the external audit services do not affect the independence of the external audit firm towards the Company.

We recommend the Board of Directors to authorize the amount of fees for the basic financial statements external audit service for the 2022 fiscal year, to be rendered by the external audit firm PricewaterhouseCoopers S.C.

We recommend the Board of Directors to authorize the procurement of the services other than the basic financial statements external audit services for the period from May 1, 2022 to April 30, 2023, to be rendered by PricewaterhouseCoopers S.C., as well as the total payable amount for those services. These services mainly included transfer pricing studies and their review, review of federal and state taxes, general



tax consultation, G-PLUS project review, address tax authorities requirements, ESG diagnostic, among others. In our opinion, the services, other than external audit services, received up to this date, adequately comply with applicable requirements.

We validated that the external audit firm, PricewaterhouseCoopers S.C. and its responsible partner, dully complied with personnel, professional and independency requirements.

We evaluated the external audit firm's performance, as well as the performance of their responsible officer, in accordance with the External Audit Performance Evaluation Policy. Furthermore, it was determined that the content of their audit opinions, communications, opinions, and reports are of good quality and useful to this Committee. It is noted that these do not differ with Management, and that no observations arose regarding the Company's financial statements, nor were there any material internal control deficiencies.

During the fiscal year, no material observations were received from shareholders, directors, senior management, employees or third parties, in relation to the accounting, internal controls or internal and external auditing.

#### **4. Financial Information.**

We reviewed the quarterly financial information of the Company regarding the 2022 fiscal year, prior to the analysis of the information of each quarter and we concluded that such information was prepared in compliance with applicable financial information regulations. We did not identify any irregularities or omissions in the above information, and, consequently, agreed to its presentation to the Board of Directors and its publication.

Support was provided to the Board of Directors in relation to the preparation of the opinions and reports referred to in article 28, section IV, subsections "c", "d" and "e" in relation to the 2021 fiscal year. Additionally, the annual report of the activities carried out by this Committee during the 2021 fiscal year was prepared and presented to the Board of Directors and the Shareholders' Meeting.

We monitored the reports on exchange rate, corn purchases and interest rate hedges on a quarterly basis, ensuring that the policies established by the Company for such purpose were complied with.

After reviewing the audited financial statements of the Company as of December 31, 2022, the external auditors' report, the communications issued by the external auditor and the accounting policies used in the process, we advise the Board of



Directors their approval to be presented to the consideration of the Shareholders' Meeting.

The financial statements were prepared in accordance with the International Financing Reporting Standards (IFRS), which also include the current International Accounting Standards (IAS), the related interpretations that are issued by the International Financial Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC), which were audited by the independent firm of public accountants PricewaterhouseCooper S.C.

#### **5. Internal Controls and Legal issues.**

We ensured the existence and trustworthiness of the internal controls established by GRUMA to fully comply with the different contractual obligations and legal provisions to which it is bound. Regarding information technologies, the progress, application systems and implementation of the G+ Project were reviewed, as well as the internal control material aspects associated with the implementations made.

We reviewed with the Corporate Legal Department the status of the main legal matters where the Company is involved, including the international arbitration claim filed by GRUMA's Spanish subsidiaries, Valores Mundiales S.L. and Consorcio Andino S.L., against the Republic of Venezuela that was conducted at the International Centre for Settlement of Investment Disputes (ICSID) due to the expropriation of Molinos Nacionales C.A. and Derivados de Maíz Seleccionado, Demaseca, C.A., entities that as of January 2013 composed GRUMA's Venezuela Division, as well as in relation to the compliance with laws and regulations applicable to GRUMA and its subsidiaries.

#### **6. In support of the Board of Directors.**

The Auditing Committee granted its favorable opinion regarding the arrangement of exchange rate and corn grain hedging instruments, in relation with the Company's corn purchases required for its operations during the 2022 fiscal year. Additionally, the Committee overviewed the management's compliance of the authorizations granted by the Board of Directors. In our opinion, we concluded that these arrangements fully comply with the Company's intention to mitigate business risks to which it is exposed.

Furthermore, the Committee analyzed and granted its favorable opinion to the Board of Directors of GRUMA, S.A.B. DE C.V., regarding its plan to refinance existing credit facilities of GRUMA, through certain transactions, which, until now, has resulted in (i) issuing a revolving short and long term Debt Securities (*Certificados Bursátiles*) program for a total amount of Ps.\$10 billion authorized by





the National Securities and Banking Commission (*Comisión Nacional Bancaria y de Valores*), through which the first issuance was made on October 13, 2022 for a total amount of Ps.4.5 billion for a 5-year term with an interest rate of 28-day TIIE plus 29 basis points; (ii) contracting a long-term credit facility for U.S.\$125 million granted by The Bank of Nova Scotia, for a 5 year term and an interest rate of SOFR plus a spread of 100 basis points, payable in a single exhibition upon maturity; (iii) obtaining a credit facility for U.S.\$150 million granted by BBVA México, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA México, for a 5 year term and an interest rate of SOFR plus a 100-basis point surcharge; and (iv) obtaining a credit facility for an amount up to U.S.\$100 million granted by Coöperatieve Rabobank U.A., New York Branch and Bank of America, N.A., for a 5-year term and an interest rate of SOFR plus a 10 basis point adjustment plus a 105 basis point surcharge.

Additionally, the Committee monitored all the protocols and various measures implemented by GRUMA in all its divisions due to the COVID-19 pandemic, to ensure the continuity of its operations, which, until now, have all had an adequate effectiveness to mitigate the impact of this pandemic. This situation will continue to be constantly monitored.

Finally, it is worth noting that we reviewed with the Management, the requirements from the CNBV and the report on non-recurring operations greater than 5% of the value of the Company's assets.

All the work carried out by the Committee was dully documented in each corresponding meeting minutes, which were reviewed and approved in a timely manner by the members of the Committee.

On behalf of the Audit Committee of GRUMA, S.A.B. DE C.V.

*[Illegible Signature]*

THOMAS S. HEATHER  
Chairman



## CORPORATE GOVERNANCE COMMITTEE REPORT FOR THE 2022 FISCAL YEAR

April 19, 2023

To the Board of Directors of GRUMA, S.A.B. DE C.V. (“GRUMA”):

In compliance with article 43 of the Mexican Securities Law (*Ley del Mercado de Valores*), as well as with article Twenty Sixth of the Company’s Bylaws, I hereby submit the report of activities carried out by the Corporate Governance Committee during the period from 1 January to 31 December 2022.

- 1. Performance of Senior Management.-** Evaluation of the performance of Senior Management was based on the financial results and compliance with their personal objectives set out within their responsibilities with the Company. Based on the evaluations carried out by the Human Resources department, it was confirmed that the performance of the Senior Management was satisfactory. Consequently, they received a performance bonus (variable compensation), in accordance with the Policies established by the Company.
- 2. Compensation of Senior Management.-** The aggregate compensation paid to the Chief Executive Officer and other Senior Managers of the Company during 2022 was reviewed and is within market value, compared to similar companies, and is in accordance with the Compensation Policies set forth by the Company.
- 3. Waivers.-** During the reported period, the Board of Directors did not grant any waiver to any Director, Senior Manager, or any other person with authority, to benefit from business opportunities for themselves or in favor of third parties, that correspond to the Company or its subsidiaries.
- 4. Material Operations.-** The Committee has been informed by management and the independent auditors of material related-party operations, which have been disclosed in the notes of the financial statements of the Company for the reported period.
- 5. Sustainability.-** The Committee noted and reviewed the progress and strategies related to the Company’s ongoing sustainability project (i.e., environmental, social and corporate governance initiatives).

On behalf of the Corporate Governance Committee.

[Illegible Signature]

THOMAS S. HEATHER  
Chairman



## REPORT BY THE AUDIT COMMITTEE FOR THE FISCAL YEAR 2021

April 20, 2022

### To the Board of Directors of GRUMA, S.A.B. DE C.V. (“GRUMA”)

In compliance with article 43 of the Mexican Securities Law (*Ley del Mercado de Valores*), article 34 of the General Provisions Applicable to Entities and Issuers Supervised by the National Banking and Securities Commission that Hire External Auditing for Basic Financial Statement Services (*Disposiciones de Carácter General Aplicables a las Entidades y Emisoras Supervisadas por la Comisión Nacional Bancaria y de Valores que Contraten Servicios de Auditoría Externa de Estados Financieros Básicos*) and article Twenty Sixth of the Company’s ByLaws, I hereby submit the report of activities carried out during the fiscal year ended in December 31, 2021. While establishing its work program, the Committee has considered the recommendations set forth in the Best Corporate Practices Code, applicable laws and regulations.

#### 1. Internal Audit.

We held periodical meetings with the head of the Company’s Corporate Internal Audit Department, in order to ensure the implementation of our internal control general guidelines, and the processes required for their execution and enforcement pursuant to our Internal Audit Evaluation Policy.

Work plans and quarterly reports from the Internal Audit Department of the Company were reviewed, including areas of opportunity, incidents, operating risks and a follow-up to the standardization of the internal control and self-evaluation processes of the Company. Furthermore, we were presented with follow-up reports on the observations found, with no material findings to disclose.

#### 2. Ethics Code.

We monitored the compliance with the Ethics Code regulating the actions of directors, officers and employees, with no relevant cases to report up to this date.

The operation of the communication channel between officers and employees with the Audit Committee was supervised. We periodically verified that Management efficiently addressed any observations that required so. Furthermore, the scope of the aforementioned channel continued to expand.



### **3. External Audit.**

We recommend to the Board of Directors the ratification of the appointment of PricewaterhouseCoopers S.C., as the external auditors of the Company for the 2021 fiscal year, as well as the appointment of Mr. Felipe Córdova Otero as the new Partner in charge of the external audit, since Mr. Víctor Gabriel Vecchi has completed the maximum period of five consecutive years with this assignment. In connection to the above, we verified their independence and their compliance with the requirements established in the Mexican Securities Law and in the General Provisions Applicable to the Entities and Issuers Supervised by the National Banking and Securities Commission that Hire External Auditing for Basic Financial Statement Services. We jointly analyzed their scope and work program, as well as their coordination with the Internal Audit Department.

We periodically met with the external auditors and with the Company's management, who we thoroughly interviewed and all of our concerns were satisfactorily solved; therefore, we consider that the internal control and internal audit systems satisfactorily comply with their main purposes.

We reviewed the 2021 fiscal year external auditors work plan and their coordination with the Internal Audit Department, and continued to follow-up on its implementation progress.

In our interviews and meetings of the Audit Committee with the auditors, we ensured compliance with rotation and independence requirements regarding their personnel. We also reviewed with them and with management, the observations that were issued on internal control, as well as the objectives, procedures and scope of the external audit for the 2021 fiscal year. In our opinion, the external audit services adequately comply with applicable requirements.

We approve the basic financial statements external audit service fee proposal for the 2021 fiscal year, as well as the rendering of services other than the basic financial statements external audit services provided by PricewaterhouseCoopers S.C., for the period from May 1, 2021 to April 30, 2022. We consider that the approved services other than the external audit services, do not affect the independence of the external audit firm towards the Company.

We recommend the Board of Directors to authorize the amount of fees for the basic financial statements external audit service for the 2021 fiscal year, to be rendered by the external audit firm PricewaterhouseCoopers S.C.

We recommend the Board of Directors to authorize the procurement of the services other than the basic financial statements external audit services for the period from



May 1, 2021 to April 30, 2022, to be rendered by PricewaterhouseCoopers S.C., as well as the total payable amount for those services. These services mainly included the review of transfer pricing studies, review of federal and state taxes, general tax consultation, the revision of the G-PLUS project, service of validation of the Labor Reform joint and several obligation as well as its analysis and evaluation, IMSS and INFONAVIT opinions for the fiscal years 2021 and 2022, revision of the factor procedure for VAT revenue, support consignment note complement and digital tax receipts, among others. In our opinion, the services, other than external audit services, received up to this date, adequately comply with applicable requirements.

We validated that the external audit firm, PricewaterhouseCoopers S.C. and its responsible partner, dully complied with personnel, professional and independency requirements.

We evaluated the external audit firm's performance, as well as the performance of their responsible officer, in accordance with the External Audit Performance Evaluation Policy. Furthermore, it was determined that the content of their audit opinions, communications, opinions, and reports are of good quality and useful to this Committee. It is noted that these do not differ with Management, and that no observations arose regarding the Company's financial statements, nor were there any material internal control deficiencies.

No material observations were received from shareholders, directors, senior management, employees or third parties, in relation to the accounting, internal controls or internal and external auditing, during the fiscal year.

#### **4. Financial Information.**

We reviewed the quarterly financial information of the Company regarding the 2021 fiscal year, prior to the analysis of the information of each quarter and we concluded that such information was prepared in compliance with applicable financial information regulations. We did not identify any irregularities or omissions in the above information, and, consequently, agreed to its presentation to the Board of Directors and its publication.

Support was provided to the Board of Directors in relation to the preparation of the opinions and reports referred to in article 28, section IV, subsections "c", "d" and "e" in relation to the 2020 fiscal year. Additionally, the annual report of the activities carried out by this Committee during the 2020 fiscal year was prepared and presented to the Board of Directors and the Shareholders' Meeting.



We monitored the reports on exchange rate, corn purchases and interest rate hedges on a quarterly basis, ensuring that the policies established by the Company for such purpose were complied with.

After reviewing the audited financial statements of the Company as of December 31, 2021, the external auditors' report, the communications issued by the external auditor and the accounting policies used in the process, we advise the Board of Directors their approval to be presented to the consideration of the Shareholders' Meeting.

The financial statements were prepared in accordance with the International Financing Reporting Standards (IFRS), which also include the current International Accounting Standards (IAS), the related interpretations that are issued by the International Financial Interpretations Committee (IFRIC), including those previously issued by the Standing Interpretations Committee (SIC), which were audited by the independent firm of public accountants PricewaterhouseCooper S.C.

## **5. Internal Controls and Legal issues.**

We ensured the existence and trustworthiness of the internal controls established by GRUMA to fully comply with the different contractual obligations and legal provisions to which it is bound. Regarding information technologies, the progress, application systems and implementation of the G+ Project were reviewed, as well as the internal control material aspects associated with the implementations made.

We reviewed with the Corporate Legal Department the status of the main legal matters where the Company is involved, including the international arbitration claim filed by GRUMA's Spanish subsidiaries, Valores Mundiales S.L. and Consorcio Andino S.L., against the Republic of Venezuela that was conducted at the International Centre for Settlement of Investment Disputes (ICSID) due to the expropriation of Molinos Nacionales C.A. and Derivados de Maíz Seleccionado, Demaseca, C.A., entities that as of January 2013 composed GRUMA's Venezuela Division, as well as in relation to the compliance with laws and regulations applicable to GRUMA and its subsidiaries.

## **6. In support of the Board of Directors.**

The Auditing Committee granted its favorable opinion regarding the arrangement of exchange rate and corn grain hedging instruments, in relation with the Company's corn purchases required for its operations during the 2021 fiscal year. Additionally, the Committee overviewed the management's compliance of the authorizations granted by the Board of Directors. In our opinion, we concluded that these



arrangements fully comply with the Company's intention to mitigate business risks to which it is exposed.

Furthermore, the Committee analyzed and granted its favorable opinion to the Board of Directors of GRUMA, S.A.B. DE C.V., regarding its plan to refinance existing credit facilities of GRUMA, through certain transactions, which, until now, has resulted in (i) Debt Securities (*Certificados Bursátiles*) issuance in the local market authorized by the National Securities and Banking Commission on September 25, 2018 for Ps. 2 billion with a 7 year maturity and a fixed rate of 7%, and (2) contracting a long-term credit facility for U.S.\$200 million of dollars, granted jointly and equally by The Bank of Nova Scotia and Bank of America Mexico, S.A. Institución de Banca Múltiple, with a 5 year maturity, payable in a single exhibition upon maturity and quarterly interest payments at a rate of LIBOR plus a spread of 100 basis points, which allows GRUMA to improve its cost of debt conditions, as well as its maturity profile. The refinancing of GRUMA's existing credit facilities will continued to be monitored.

The Committee also analyzed and gave its favorable opinion to the Board of Directors of GRUMA, S.A.B. DE C.V., regarding the exchange of currency of presentation of the Mexican Peso to the U.S. Dollar for the consolidated financial statements as of January 1, 2022. The foregoing, considering that: a) the accounting rules allow choosing the presentation currency, based on the measure used by management to control and monitor the financial position and performance of the Company, b) the Company operates internationally, with the U.S. Dollar being the main currency in the markets in which it participates (in 2021 the Company generated around 74% of its revenues outside of Mexico), and (c) greater ease of analysis is expected for the different users of the consolidated financial information, including comparability with the financial reports of other global entities .

Additionally, the Committee monitored all the protocols and various measures implemented by GRUMA in all its divisions due to the COVID-19 pandemic, to ensure the continuity of its operations, which, until now, have all had an adequate effectiveness to mitigate the impact of this pandemic. This situation will continue to be constantly monitored.

Finally, it is worth noting that we reviewed with the Management, the requirements from the CNBV and the report on non-recurring operations greater than 5% of the value of the Company's assets.

All the work carried out by the Committee was dully documented in each corresponding meeting minutes, which were reviewed and approved in a timely manner by the members of the Committee.



On behalf of the Audit Committee of GRUMA, S.A.B. DE C.V.

*[Illegible Signature]*

THOMAS S. HEATHER  
Chairman





## REPORT BY THE CORPORATE GOVERNANCE COMMITTEE FOR THE FISCAL YEAR 2021

April 20, 2022

**To the Board of Directors of GRUMA, S.A.B. DE C.V. (“GRUMA”):**

In compliance with article 43 of the Mexican Securities Law (*Ley del Mercado de Valores*), as well as with article Twenty Sixth of the Company’s ByLaws, I hereby submit the report of activities carried out by the Corporate Governance Committee during the period from 1 January to 31 December 2021.

- 1. Performance of Senior Management.-** Evaluation of the performance of Senior Management was based on the financial results and compliance with their personal objectives set out within their responsibilities with the Company. Based on the evaluations carried out by the Human Resources department, it was confirmed that the performance of the Senior Management was satisfactory. Consequently, they received a performance bonus (variable compensation), in accordance with the Policies established by the Company.
- 2. Compensation of Senior Management.-** The aggregate compensation paid to the Chief Executive Officer and other Senior Managers of the Company during 2021 was reviewed and is within market value, compared to similar companies, and is in accordance with the Compensation Policies set forth by the Company, which were reviewed and updated.
- 3. Policies.-** Several policies and their implementation were reviewed regarding the use and enjoyment of GRUMA’s property by related persons, the policy of transactions with related persons and relevant operations.
- 4. Waivers.-** During the reported period, the Board of Directors did not grant any waiver to any Director, Senior Manager, or any other person with authority, to benefit from business opportunities for themselves or in favor of third parties, that correspond to the Company or its subsidiaries.
- 5. Material Operations.-** The Committee has been informed by management and the independent auditors of material related-party operations, which have been disclosed in financial statements notes of Company for the reported period.
- 6. Sustainability.-** The Committee noted and reviewed the progress and strategies related to the sustainability report project being prepared by the Company (i.e., environmental, social and corporate governance initiatives).



On behalf of the Corporate Governance Committee.

*[Illegible Signature]*

THOMAS S. HEATHER  
Chairman