



# Grupo Nutresa's Regular Quarterly Report

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**Second Quarter, 2023**

External circular letter 012 of 2022



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## Identification data



Corporate name: Grupo Nutresa S. A.

City: Medellín, Colombia.

Registered address: Carrera 43 A # 1 A SUR 143.

## Description of the currently valid securities issues

Grupo Nutresa shares are registered under the Colombian Stock Exchange (Bolsa de Valores de Colombia, BVC) under the “Nutresa” name. As of the closing of the second quarter of 2023, there are 457.755.869 outstanding common shares of Grupo Nutresa, and their marketability has been classified as high.

Valid issuance:

- a) Common shares.
- b) Listed on the Colombian Stock Exchange.

Ipo

**Mar 21/ 1961**

Clase de acción

**Ordinaria**

Número de acciones en circulación

**457.755.869**

Número de acciones en reserva

**539.876.542**



## Glossary

**Shares, stocks.** Parts into which the capital stock is divided within a given company. They represent the portion of the company that the owner of those parts, known as shareholder, is entitled to.

**Shareholders Assembly.** Highest governance and administrative body formed by the shareholders of the Organization.

**Financial statements.** Report that portrays Grupo Nutresa's financial situation at a certain point in time.

**Consolidated Financial Statements.** Financial statements where the assets, liabilities, net assets, equity, revenues, expenses and cash flows of Grupo Nutresa and its controlled entities are presented as if it was one single economic entity.

**Separate Financial Statements.** Financial statements presented by a controlling entity (that is, an investor that controls a subsidiary entity) or by an investor with joint control over a company where the investor holds an interest or share in, or upon which the investor has significant influence. In such financial statements, the investments are accounted for at cost or according to IFRS 9 Financial Instruments.

**The Company, the Organization or the Business Group.** All of these terms refer to Grupo Nutresa S. A.

**Grupo Nutresa.** Group of organizations that includes Grupo Nutresa S. A. (holding company) and its subsidiary companies.



**Parent Company.** A company that controls other companies through shareholdings, which grants it decision-making powers, whether it is directly or through other companies. Grupo Nutresa S. A. is the parent company of Grupo Nutresa.

**Subordinate companies.** Companies controlled by Grupo Nutresa S. A.

**Affiliate companies.** Subordinate companies under direct control of the holding company.

**Subsidiary companies.** Subordinate company under the control of the holding company but exercised through other companies.

**Organization.** Business structure adopted by Grupo Nutresa.

**Corporate governance.** Set of corporate policies and guidelines that comprise the institutional and ethical framework of behavior for the Organization. Such framework has the purpose of ensuring transparency and integrity across all processes of the Organization.

**Board of Directors.** Organizational body of Grupo Nutresa S. A. tasked with following up on the work performed by the CEO of the Company. It is comprised of seven members appointed by the Shareholders Assembly for two-year terms.

**Business Units.** Production units or activities composing the structural organization of Grupo Nutresa, namely: Biscuits, Coffee, Cold Cuts, Chocolates, Tresmontes Lucchetti, Retail Food, Ice Cream and Pastas.

## Part 1

### Financial position

#### 1. Separate and consolidated quarterly financial statements

Grupo Nutresa's interim Financial Statements for the second quarter of 2023, both separate and consolidated, are part of this report as appendices and can be found on the Organization's website, following the links below:

Click below to check the

**[Condensed consolidated interim financial statements.](#)**



Click below to check the

**[Condensed separate interim financial statements.](#)**



#### 2. Material changes made to the issuer's financial statements

No material changes were made to the issuer's financial statements over the second quarter. However, it is worth noting the following variations:

##### **Condensed consolidated interim financial statements**

In the Statement of Financial Position, Grupo Nutresa reports assets for COP 19,8 trillion, with a decrease of -4,6% compared to December 2022, which can be explained mainly by the reduced working capital accounts and the devaluation of the stocks the Company owns in Grupo de Inversiones Suramericana.

The consolidated amount recorded for total liabilities was COP 10,0 trillion, which represents a 0,3% increase that resulted, to a large extent, from the rising taxes payable on account of VAT and income tax.

### **Condensed separate interim financial statements.**

In the Statement of Financial Position, Grupo Nutresa reports assets for COP 10,5 trillion, with a decrease of -5,0% compared to December 2022, which can be explained mainly by the devaluation of the stocks the Organization owns in Grupo de Inversiones Suramericana and the reduced investments in subsidiary companies.

Total liabilities amounted to COP 558.492 million, rising by 290,5% due to the increased dividends payable, which were decreed in March 2023 and will be paid between April 2023 and March 2024.

### **3. Comments and analysis of the Senior Management regarding the results of the operation and the financial position of the issuer in relation to the results reported in the quarterly financial statements.**

#### **3.1. Material variations in the financial position of the issuer compared to the same quarter reported for the previous fiscal year.**

No material changes were made to the Company's financial position over the quarter. However, it is worth considering the following variations:

#### **Condensed Consolidated Interim Statement of Financial Position**

In the Statement of Financial Position for the second quarter of 2023, assets for COP 19,8 trillion were reported, with an increase of 7,2% compared to the equivalent quarter in 2022. Such increase can be explained mainly by the growth of the working capital accounts, due to the higher value of the capital gains and other intangible assets. This is chiefly caused by the effect of currency conversion.

The consolidated total liabilities amount to COP 10,0 trillion, which represents a 14,9% increase compared to the equivalent quarter of 2022. This increase resulted, to a large extent, from the rising working capital and growing debt, required to support the Organization's growth.



## Condensed Separate Interim Statement of Financial Position

In the Separate Statement of Financial Position as of June 30, 2023, the Company reports assets for COP 10,5 trillion, with an increase of 3,1% compared to June 2022, which can be explained mainly by the growing investment in subsidiary companies.

Total liabilities amounted to COP 558.492 million, rising by 56,3% due to the increased dividends payable.

### 3.2. Material variations in the results of the issuer's operations compared to the same quarter reported for the previous fiscal year.

As of the closing of this year's first half, Grupo Nutresa's consolidated sales amount to COP 9,6 trillion, representing a 26,4% increase over the sales reported for the same period in 2022. All countries in the strategic region report two-digit growth rates, and the sales of innovation-driven products represent 16,2% of the Company's total sales.

Revenues in Colombia amount to COP 5,6 trillion, which represent 57,9% of the total revenues, growing 19,7% in relation to last year's first semester.

International sales, stated in Colombian pesos, totaled COP 4,0 trillion, equivalent to 42,1% of the total sales, that is 36,9% higher than the international sales for the first half of 2022. When stated in dollars, these sales amount to USD 882,3 million, representing a 16,7% year-over-year growth.

The gross profit for the semester was COP 3,7 trillion, presenting a 28,8% growth rate, which is higher than the top-line growth. This is the result of a consistent hedging strategy with long-term vision, the moderation of the cost of several imported commodities, and the revaluation of local currencies regarding the dollar in some countries of the strategic region.

The operating expenses grew 28,0%, mainly due to a larger investment in marketing throughout the period intended to support the positioning and leadership of the brands in the markets. For its part, the operating profit amounted to COP 954.188 million, representing a 30,9% growth compared to the corresponding term in 2022.

As for profitability, the Organization reports an EBITDA margin on sales of 12,3%, amounting to COP 1,2 trillion and increasing 24,8% over the EBITDA margin reported in 2022.

In the post-operative items, the Company reports COP 47.669 million in financial revenue from the adequate management of its operating cash flow over the period. In the context of financial expenses, Grupo Nutresa reports a 144,8% growth due to its increased debt to support the Organization's growth and a higher cost of debt. In the item of foreign exchange balance for non-operating assets and liabilities, the Company reports an expense of COP 74.829 million, mainly generated by accounting for the foreign exchange balance of the accounts abroad, and by the effect of the exchange rate hedges due to revaluation over the first half of 2023.

Finally, and as a consequence of sound business and operating dynamics and greater non-operating expenses, Grupo Nutresa presents a consolidated net profit of COP 478.565 million, which is 4,9% lower than the profit reported for last year's same period.

The Separate Financial Statements of Grupo Nutresa S. A. report COP 479.708 million in net operating revenues, from which COP 352.745 million correspond to the profit obtained through the equity method of the Organization's investments in food companies and COP 126.963 million correspond to dividends from the investment portfolio. Furthermore, the net profit totaled COP 478.661 million.

#### **4. Quantitative and/or qualitative analysis of the market risk facing the issuer as a consequence of its market variation-sensitive activities and investments, provided such risk is material for the quarter reported.**

##### **Quantitative analysis of the market risk.**

No material changes were made over the second quarter of 2023 in comparison with the Regular Report for the second quarter of 2023, nor with the 2022 Fiscal Year End Report.

##### **Qualitative analysis of the market risk.**

Grupo Nutresa made progress in consolidating its integrated risk management model, as well as in integrating it in the multiple instances of the Organization.

The following are the main risks identified by the Organization:

- Commodity price and exchange rate volatility.
- Negative impact of a highly competitive environment on the Businesses.
- Regulatory environment with a negative impact on the business.

In the second quarter of 2023, a 118% increase in financial expenses was observed in relation to the previous year's equivalent term, mainly due to higher interest rates. This increase does not produce a material impact on the Company's financial and operating flexibility, which reports a 1,7x net-debt/EBITDA indicator for the term.

Find out more about Grupo Nutresa's integrated risk management ecosystem by following the link below.

Click below to check the

**[Report on the integrated risk ecosystem](#)**



## Part 2

### Additional information

#### **1. Description of the material variations that have occurred in the risks facing the issuer, other than the market risk, and the mechanisms implemented to mitigate them.**

No material variations occurred in the second quarter of 2023 regarding the Company's exposure to the identified risks in comparison with the 2022 Fiscal Year End Report, nor with the Regular Report for the second quarter of 2023.

It is worth mentioning that a cybersecurity risk incident took place in the second quarter of 2023. Such risk had already been identified and the corresponding control measures had been duly implemented to manage an eventual occurrence, including mitigation and transfer mechanisms. To address the incident, the protocol established for such type of events was activated to reduce the potential impact, and a specialized technical team was assigned to manage the situation and implement the necessary measures to protect the systems and information. This team was also in charge of taking actions that allowed normalizing the operation progressively and starting the economic recovery corresponding to insurance contracts.

#### **2. Any material changes to the practices, processes, policies and indicators implemented by the issuer in relation to the environmental, social and governance criteria.**

#### **Environmental and social topics.**

No changes were made in terms of practices, processes, policies and indicators related to social and environmental criteria, including climate aspects (External Circular letter 031 of 2021), over the second quarter of 2023 with respect to both the first quarter of the year and the 2022 Fiscal Year End Report.

## Relevant agreements reached in 2023 Q2.

On May 24, 2023, Grupo Nutresa signed a Memorandum of Understanding (MoU) with IHC Capital Holding LLC, Aflaj Investment LLC, JGDB Holding S. A. S., Nugil S. A. S., Grupo Argos S. A. and Grupo de Inversiones Suramericana S. A., where such companies entered into the following agreements, among other:

- JGDB S. A. S. and Nugil S. A. S. will acquire a controlling share in Grupo Nutresa S. A. of no less than 87% of the Company's stocks.
- Grupo Nutresa S. A. will no longer be a shareholder in either Grupo de Inversiones Suramericana S. A. or Grupo Argos S. A.
- JGDB S. A. S., Nugil S. A. S. and IHC Capital Holding LLC will no longer be shareholders in Grupo de Inversiones Suramericana S. A.
- Grupo de Inversiones Suramericana S. A. and Grupo Argos S. A. will no longer be shareholders in Grupo Nutresa S. A.

In the furtherance of the provisions of the MoU, the Company signed a Framework Agreement and a contract to settle judicial and administrative proceedings on June 16, 2023.

Within the Framework Agreement, all parties thereto agreed upon the mechanisms and the procedure that will be carried out to fulfill the covenants established in the MoU, which include:

- 1.** The symmetrical spin-off of Grupo Nutresa S. A. with the aim of separating the investments such company holds in Grupo Sura S. A. and in Grupo Argos S. A. from its operational activity.
- 2.** The registration of the spin-off company and its stocks in the National Registry of Securities and Issuers (abbreviated *RNVE* in Spanish) of the Colombian Financial Superintendency (abbreviated *SFC* in Spanish) and before the Colombian Stock Exchange (abbreviated *BVC* in Spanish).

- 3.** IHC Capital Holding LLC, Aflaj Investment LLC, JGDB Holding S. A. S., Nugil S. A. S., Grupo Argos S. A. and Grupo de Inversiones Suramericana S. A. will sign a trust agreement with the purpose of transferring the stocks that each one of said companies hold in both Grupo Nutresa S. A. and Grupo Sura S. A., as the case may be, to a compartmentalized stand-alone trust.
- 4.** After the Spin-Off has been completed, Grupo Sura S. A. and Grupo Argos S. A. will submit a non-solicited offer for the stocks of Nutresa Alimentos (the spin-off company).
- 5.** Once certain conditions have been met, the contributions received by virtue of the trust agreement will be returned to the parties, as appropriate, with the objective of reaching the shareholdings agreed upon in the MoU for each one of the companies thereto.