



Grupo Nutresa's Regular Quarterly Report

Third 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 third 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



The company does not have preferred shares.

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 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 third 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](https://gruponutresa.b-cdn.net/wp-content/uploads/2023/10/Grupo-Nutresa-Consolidated-FS-3Q23.pdf)

<https://gruponutresa.b-cdn.net/wp-content/uploads/2023/10/Grupo-Nutresa-Consolidated-FS-3Q23.pdf>

Click below to check the

[Condensed separate interim financial statements](https://gruponutresa.b-cdn.net/wp-content/uploads/2023/10/Grupo-Nutresa-Separate-FS-3Q23-ENG-1.pdf)

<https://gruponutresa.b-cdn.net/wp-content/uploads/2023/10/Grupo-Nutresa-Separate-FS-3Q23-ENG-1.pdf>



2. Any material changes made to the issuer's financial statements

No material changes were made to Grupo Nutresa's financial statements over the third 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 19,1 trillion, with a decrease of -7,9% compared to December 2022, which can be explained mainly by the reduced working capital accounts and the lower market

value of the stocks of both Grupo de Inversiones Suramericana S. A. and Grupo Argos.

The consolidated amount recorded for total liabilities was COP 9,9 trillion, which represents a -1,0% decrease that resulted, to a large extent, from the lower value of the deferred taxes and the accounts payable.

Condensed separate interim financial statements.

In the Statement of Financial Position, Grupo Nutresa reports assets for COP 9,8 trillion, with a decrease of -11,6% compared to December 2022, which can be explained mainly by the reduced market value of the stocks of both Grupo de Inversiones Suramericana and Grupo Argos, and by the decreased investments in subsidiary companies.

Total liabilities amounted to COP 369.284 million, rising by 158,2% 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 third quarter of 2023, assets for COP 19,1 trillion were reported, with an increase of 0,3% compared to the equivalent quarter in 2022. Such increase can be explained mainly by the rising value of the assets due to the rights of use negotiated in new contracts.

The consolidated total liabilities amount to COP 9,9 trillion, which represents a 7,2% increase compared to the equivalent quarter of 2022. This increase resulted, to a large extent, from the growing working capital and the rising level of debt over the period.

Condensed Separate Interim Statement of Financial Position

In the Separate Statement of Financial Position as of September 30, 2023, Grupo Nutresa reports assets for COP 9,8 trillion, with a decrease of -4,0% compared to September 2022, which can be explained mainly by the reduced market value of the stocks of both Grupo de Inversiones Suramericana S. A. and Grupo Argos S. A., and by the decreased investments in subsidiary companies.

Total liabilities amounted to COP 369.284 million, rising by 48,1% 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 September, Grupo Nutresa's consolidated third-quarter sales amount to COP 14,3 trillion, representing a 17,5% increase over the sales reported for the same period in 2022. Sales growth was reported for all Business Units and in Grupo Nutresa's main geographies. Innovation-driven product sales remain a driver of profitable growth and represent 17,0% of the Company's total sales.

In Colombia, operating revenues grow by 14,7% in relation to the revenues recorded in last year's same period and amount to COP 8,4 trillion, which is equivalent to 58,7% of Grupo Nutresa's total revenue.

For their part and stated in Colombian pesos, international sales totaled COP 5,9 trillion, representing 41,3% of the total sales and a 21,7% growth over the international sales recorded in the same period in 2022. When stated in dollars, these sales amount to USD 1,3 billion, representing a 12,8% growth.

Gross profit for the term, which amounts to COP 5,5 trillion, grows by 23,0% with regard to the profit recorded as of September 2022, at a higher level than the revenues. This is mainly due to the Company's flexible and timely hedging strategy, as well as due to its moderation regarding the cost of several commodities from our raw materials mix. Additionally, it represents a gross margin expansion of 170 BPS.

Grupo Nutresa continues managing the inflationary pressure with a permanent search for efficiency and productivity regarding costs and expenditures, while maintaining the service level provided to the market and the investment in its brands. As a result of this, the operating, administration, sales and product expenses grew 23,2% over the period. For its part, the operating profit amounted to COP 1,3 trillion, representing a 16,5% increase compared to the corresponding term in 2022.

As for profitability, Grupo Nutresa reports an EBITDA margin of 11,9% on sales, amounting to COP 1,69 trillion, with a growth rate of 14,3%.

In the post-operative items, the Organization reports COP 56.439 million in financial revenues as a result of the adequate management of its operating cash flow. In terms of financial expenses, the Company records a 112,1% growth due to high interest rates across all the geographies where Grupo Nutresa operates.

Lastly, caused by the greater financial expenses and a lower dilution of operating expenses over the period, the Organization reports a net profit of COP 592.755 million, which is 18,0% lower than the profit recorded in the same term of 2022.

Separate Financial Statements

Grupo Nutresa's Separate Financial Statements report COP 591.551 million in operating revenues, from which COP 464.588 million correspond to the profit obtained through the equity method of the investments in food companies and COP 126.963 million correspond to dividends from the investment portfolio. Furthermore, the net profit totaled COP 592.871 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 third 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 makes 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 third quarter of 2023, a 64% increase in financial expenses was observed in relation to the previous year's equivalent term. 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 were recorded over the third quarter of 2023 in comparison with the Regular Quarterly Report for the second quarter. Moreover, the Organization maintains the treatment measures and monitoring actions in place for all risks, including new implemented measures emerging from the lessons learned from events that occurred, which were duly reported in the corresponding disclosures for prior periods.

2. Material changes made to the practices, processes, policies and indicators implemented by the issuer in relation to the environmental, social and governance criteria.

i). 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 (Memorandum 031 of 2021), over the third quarter of 2023 with respect to both the second quarter of the year and the 2022 Fiscal Year End Report.

ii). Corporate Governance.

During its extraordinary meeting held on September 15, 2023, Grupo Nutresa's Board of Directors approved the amendment to the framework agreement entered into by the Company, IHC Capital Holding LLC (hereinafter "IHC"), Grupo Argos S. A. (hereinafter "Argos"), Grupo de Inversiones Suramericana S. A.

(hereinafter “Sura”), JGDB Holding S. A. S. (hereinafter “JGDB”) and Nugil S. A. S. (hereinafter “Nugil”) regarding the fact that the exchange of shares among Sura, Argos, Nugil, IHC and JGDB will be conducted through a direct exchange, replacing the initially stipulated fiduciary mechanism. Such direct exchange will be carried out in two stages:

- a. A first direct exchange once the spin-off of Grupo Nutresa S. A. has been completed;
- b. A second direct exchange that will be conducted after the submission of the non-solicited offer for Nutresa Alimentos shares.

In its extraordinary meeting held on September 18, 2023, the Shareholders Assembly of Grupo Nutresa S. A. approved the Symmetrical Spin-Off Project and all its annexes, including the following:

- i).** The articles of association or bylaws for the beneficiary company;
- ii).** The pro forma financial statements of both the (beneficiary) spun-off company and the spin-off company as of July 31, 2023;
- iii).** The authorization granted to each one of the legal representatives, or any other agents appointed by them, to conduct, jointly or separately, any required adjustments, activities and adaptations for the purposes of the Spin-Off Project and its annexes in relation to any and all necessary actions, consents and contracts, in addition to carry out and perform any and all required or convenient actions and activities intended to bring to fruition all the proceedings required to execute the Spin-Off.

Additionally, the Shareholders Assembly appointed the people listed below as members of the spun-off company’s board of directors:

- Andrés Felipe Arango Botero, as independent member.
- Christian Murrle Rojas, as independent member.
- Gabriel Gilinski Kardonski, as non-independent member.
- Jaime Alberto Palacio Botero, as independent member.
- Jesús Alberto Vallejo Mejía, as non-independent member.
- Juan Constantino Martínez Bravo, as non-independent member.
- Luis Felipe Hoyos Vieira, as non-independent member.

Moreover, the Shareholders Assembly appointed the people listed below as the spun-off company's legal representatives:

- Carlos Ignacio Gallego P., Main Legal Representative.
- José Domingo Penagos V., Substitute Legal Representative.
- Jairo González G., Substitute Legal Representative.

Along the same line, the Shareholders Assembly designated the company denominated PWC Contadores y Auditores S. A. S. as statutory auditor for the spun-off company.

Lastly, the Shareholders Assembly approved the registration of the spin-off company and its stocks in the National Registry of Securities and Issuers (abbreviated *RNVE* in Spanish) and before the Colombian Stock Exchange (abbreviated *BVC* in Spanish), as well as the dematerialization of its stock certificates, and authorized the legal representatives of Grupo Nutresa S. A. to request the aforementioned registration and to further the necessary proceedings for such purpose.

Click this link to learn more:

[Shareholders Assembly Meetings](#)