



## FIRST QUARTER 2023 RESULTS

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*The market dynamics and fundamentals for our business have unfolded better than expected during the first quarter of the year. We experienced resilient demand for both of our main products but led by the expansion in the US business, as a result of a positive performance from our “Better for You” product line and higher corn flour consumption in both the US and Mexico. We are pleased with our performance, which delivered consolidated sales growth of 25% and EBITDA growth of 28% stemming from the US division’s performance. We remain committed to protect profitability going forward, which grew 22% in terms of EBITDA per ton, our internal profitability measure, but also cautious about a potential change in consumer behavior, for which we are prepared should it take place during the year.*



## HIGHLIGHTS

### Consolidated Financial Highlights

	YoY		
	1Q23	1Q22	VAR (%)
Income Statement (USD millions)			
Volume (thousand tons)	<b>1,090</b>	1,043	5
Net Sales	<b>1,585.6</b>	1,263.6	25
Operating Income	<b>157.8</b>	116.1	36
Operating Margin (%)	<b>10.0%</b>	9.2%	80 bp
Ebitda <sup>1</sup>	<b>210.6</b>	164.9	28
Ebitda Margin (%)	<b>13.3%</b>	13.1%	20 bp
Majority Net Income	<b>75.9</b>	61.2	24

<sup>1</sup> EBITDA = operating income + depreciation, amortization and impairment of long lived assets +(-) other expenses (income) unrelated to core business operations.



## CONSOLIDATED RESULTS OF OPERATIONS

1Q23 versus 1Q22

**Sales volume** increased 5% to 1,090 thousand metric tons compared to 1Q22 driven mainly by the U.S. division and GIMSA.

**Net sales** increased 25% to US\$1.6 billion due to (1) the transfer of incremental costs and expenses to the top line of the income statement; and (2) higher sales volume. Sales from non-Mexican operations represented 73% of consolidated figures.

**Cost of sales** (“COGS”) increased 27% to US\$1,044.8 million due to (1) the impact of a higher overall rate of inflation on raw material costs in all divisions; (2) higher labor costs; and (3) sales volume growth. As a percentage of net sales, COGS increased to 65.9% from 65.3%.

**Selling, general and administrative expenses (“SG&A”)** increased 17% to US\$372.2 million due to (1) higher commissions paid, in line with higher revenues and volume growth; and (2) elevated distribution and logistics costs. As a percentage of net sales, SG&A improved to 23.5% from 25.2%.

**Other expense, net**, was US\$10.8 million compared to US\$3.7 million last year. The change resulted mainly from losses on GRUMA’s FX hedging positions.

**Operating income** increased by 36% to US\$157.8 million. Operating margin expanded 80 basis points to 10.0% from 9.2%.

**EBITDA** increased 28% to US\$210.6 million, and EBITDA margin increased 20 basis points to 13.3% from 13.1%. EBITDA from non-Mexican operations represented 87% of consolidated figures.

**Net comprehensive financing cost** rose by 130% to US\$35.2 million, mainly due to an increase in debt service reflecting greater net working capital needs and benchmark rate adjustments.

**Income taxes** were US\$46.7 million, an 18% increase compared to 1Q22, due to higher pretax earnings, resulting from the dynamics mentioned above. The effective tax rate for the quarter was 38.1% compared to 39.3% in 1Q22.

**Majority net income** increased 24% to US\$75.9 million.

*We had a solid start of the year, with positive market dynamics across our operations. EBITDA per ton growth of 22% was achieved marking our continuous commitment to protect profitability. We remain cautious but with an optimistic tone for the following quarters*

## FINANCIAL POSITION

March 2023 versus December 2022

### Balance Sheet Highlights

**Total assets** increased 9% to US\$4.8 billion when compared to December 2022. This change was mainly due to a 27% growth in inventories and a 2% growth in Property Plant and Equipment.

**Total liabilities** rose by 9% to US\$3.2 billion, mainly due to a 35% growth in accounts payable.

**Majority shareholders' equity** increased 8% to US\$1.5 billion.

## Debt Profile

GRUMA's debt increased 2% to US\$2.0 billion in connection with the financing of working capital. Approximately 67% of GRUMA's debt was USD denominated.

### Debt (USD millions)

Mar'23	Mar'22	Var vs Mar'22		Dec'22	Var vs Dec'22	
		(\$)	(%)		(\$)	(%)
2,016	1,644	372	23%	1,981	35	2%

### Debt Maturity Profile<sup>(1)</sup> (USD millions)

	Rate	2023	2024	2025	2026	2027	2028	2029	Total
Senior Notes 2024	Fixed 4.875%		400.0						400.0
Scotiabank Club Loan 2021	Libor + 1.00%				200.0				200.0
Scotiabank Term Loan 2019	Fixed 2.79%			250.0					250.0
Scotiabank Term Loan 2022	SOFR + 1.00%					125.0			125.0
BBVA Committed RCF	SOFR + 1.00%					125.0			125.0
Cebures Gruma21 (MXN \$2,000)	Fixed 7.00%						110.5		110.5
Cebures Gruma22 (MXN \$4,500)	TIIE + 0.29%					248.5			248.5
Other:									
MXN	10.70%	151.9							151.9
EUR	1.00%	11.7	11.7	9.8	9.8				43.0
TRY	15.58%	0.0							0.0
<b>TOTAL</b>	<b>6.52% (avg.)</b>	<b>163.6</b>	<b>411.7</b>	<b>259.8</b>	<b>209.8</b>	<b>498.5</b>	<b>110.5</b>		<b>1,653.9</b>

<sup>(1)</sup> The US\$362 million related to leases are not included on the above debt figures.

## CAPITAL EXPENDITURE PROGRAM

GRUMA's capital expenditures totaled US\$49 million in 1Q23, allocating it mostly to the following projects during the quarter: (1) equipment upgrades at the tortilla plant in Dallas; (2) general upgrades and maintenance across the company, particularly at GIMSA; (3) production expansion in Australia; and (4) construction at the new tortilla plant in Indiana.

## SUBSIDIARY RESULTS OF OPERATIONS

1Q23 versus 1Q22

### GRUMA USA

Selected Income Statement Items (USD millions)	YoY					
	1Q23	%	1Q22	%	VAR (\$)	VAR (%)
<b>GRUMA USA</b>						
Sales Volume <sup>1</sup>	<b>390</b>		382		8	2
Corn flour, tortillas, and other						
Net Sales	<b>887.2</b>		724.6		163	22
Operating Income	<b>124.5</b>	<b>14.0</b>	83.3	11.5	41	49
EBITDA	<b>158.1</b>	<b>17.8</b>	112.4	15.5	46	41

<sup>1</sup> All sales volume figures are expressed in thousand metric tons.



**Sales volume** increased 2% to 390 thousand metric tons driven mainly by the tortilla business. **The tortilla business** grew 3% in volume in 1Q23 on the back of GRUMA’s “Better for You” product line, which kept being highly demanded in addition to a good performance at the food service channel, providing an additional driver of growth during the quarter.

In **corn flour**, volumes remained flat as some of GRUMA’s industrial clients are still being impacted by price sensitivity as a result of recent price implementation strategies in previous quarters. This was offset by a strong performance from the retail channel in this business, given the ongoing preference for home cooking over restaurant dining.

**Net sales** increased 22% to US\$887.2 million reflecting (1) the passing of incremental costs and expenses to the top line of the income statement; and (2) higher volume sold.

**Cost of sales** grew 22% to US\$531.4 million due mainly to (1) higher raw material costs; (2) higher labor costs; and (3) greater volume. Cost of sales as a percentage of net sales improved 20 basis points to 59.9% from 60.1% in 1Q22, as a result of the revenue and cost dynamics mentioned above.

**SG&A** increased 13% to US\$231.7 million due to higher sales expenses in connection to (1) greater commissions in line with higher revenues during the quarter; and (2) greater volume sold. As a percentage of net sales, SG&A improved to 26.1% from 28.4% in 1Q22, where extraordinary expenses created a higher comparison base.

**Operating income** increased 49% to US\$124.5 million, and operating margin grew 250 basis points to 14.0% from 11.5%.

**EBITDA** increased 41% to US\$158.1 million, and EBITDA margin increased to 17.8% from 15.5% in 1Q22.

*Demand for our product line in the US started the year at a great pace and with no signs of down trading at this point. Profitability has increased as measured by EBITDA per ton as part of our commitment to protect profitability. Our focus on innovation and quality have helped us support this positive performance.*

## GIMSA

Selected Income Statement Items (USD millions)	YoY					
	1Q23	%	1Q22	%	VAR (\$)	VAR (%)
<b>GIMSA<sup>1</sup></b>						
Sales Volume <sup>2</sup>	<b>537</b>		496		41	8
Corn flour and other						
Net Sales	<b>453.8</b>		371.6		82	22
Operating Income	<b>14.0</b>	<b>3.1</b>	29.8	8.0	(16)	(53)
EBITDA	<b>24.5</b>	<b>5.4</b>	46.4	12.5	(22)	(47)

<sup>1</sup> Convenience translation at the exchange rate of Ps. 18.1052/dollar as of March 31, 2023. For further details see "Accounting Procedures".

<sup>2</sup> All sales volume figures are expressed in thousand metric tons.



**Sales volume** increased 8% to 537 thousand metric tons, reflecting a lower comparative base in 1Q22 as a result from a surge in demand in 4Q21. In addition to this, similarly to 4Q22, on going demand from corporate accounts also contributed in volume growth during 1Q23.

**Net sales** increased 22% to US\$453.8 million due to (1) inflation management on GIMSA's cost structure; and (2) greater volume sold.

**Cost of sales** rose 27% to US\$359.5 million mainly due to the higher cost of corn. As a percentage of net sales, it increased to 79.2% from 76.2% in connection with the higher pace of cost growth.

**SG&A** increased 19% to US\$67.9 million resulting mainly from (1) elevated distribution costs; (2) higher sales commissions paid in line with volume and net sales growth; and (3) higher marketing costs. As a percentage of net sales, SG&A improved to 15.0% from 15.3%.

**Other expense, net**, was US\$12.4 million compared to US\$2.0 million in 1Q22, resulting mostly from volatility in the valuation of FX hedging positions during the quarter.

**Operating income** decreased 53% to US\$14.0 million, and operating margin was 490 basis points lower at 3.1%.

**EBITDA** decreased to US\$24.5 million from US\$46.4 million and EBITDA margin contracted 710 basis points to 5.4% from 12.5%.

*Market fundamentals remain robust in Mexico evidenced by volume growth, as a solid foundation for GRUMA.*

## Gruma Europe

Selected Income Statement Items (USD millions)		YoY					
		1Q23	%	1Q22	%	VAR (\$)	VAR (%)
<b>GRUMA EUROPE</b>	Sales Volume <sup>1</sup>	<b>100</b>		104		(4)	(4)
Corn flour, tortillas, and other	Net Sales	<b>110.1</b>		91.0		19	21
	Operating Income	<b>2.3</b>	<b>2.1</b>	1.3	1.5	1	73
	EBITDA	<b>5.9</b>	<b>5.3</b>	4.8	5.3	1	22

<sup>1</sup> All sales volume figures are expressed in thousand metric tons.



**Sales volume** decreased by 4% to 100 thousand metric tons as ongoing challenges brought on by the war in Ukraine in the corn milling business, in addition to a higher comparison base in 1Q22 prior to the war relative to 1Q23, offset the positive performance from the tortilla business, which grew 5%. The tortilla business was supported by greater and higher quality distribution across the continent, in addition to the recovery and the expansion of food service clients since the pandemic took place.

**Net sales** increased 21% to US\$110.1 million resulting from (1) the transfer of additional costs and expenses to the top line of the income statement; and (2) a more profitable product mix.

**Cost of sales** increased 20% to US\$86.5 million resulting from (1) overall higher raw material costs when compared to 1Q22; and (2) elevated fuel and energy prices. As a percentage of net sales, cost of sales decreased to 78.6% from 79.4% due to the dynamics mentioned above.

**SG&A** increased 24% to US\$21.6 million mainly due to (1) higher distribution and logistics costs; and (2) elevated marketing costs. As a percentage of net sales, SG&A increased to 19.6% from 19.1%.

**Other income, net**, totaled US\$0.3 million compared to US\$0.0 million in 1Q22 as a result of federal subsidies on energy prices.

**Operating income** was US\$2.3 million compared to US\$1.3 million in 1Q22. Operating margin expanded to 2.1% in 1Q23 from 1.5%.

**EBITDA** was US\$5.9 million, an improvement of 22% from US\$4.8 million in 1Q22, and EBITDA margin remained flat at 5.3%.

*Through inflation management coupled with effective distribution expansion and stronger brand awareness in the tortilla business, we have been in a good position to recover this subsidiary's performance from the last few months of 2022. We expect this to continue as we keep seeing strong demand despite unprecedented inflation levels.*

## Gruma Asia and Oceania

Selected Income Statement Items (USD millions)		YoY					
		1Q23	%	1Q22	%	VAR (\$)	VAR (%)
<b>GRUMA ASIA &amp; OCEANIA</b>	Sales Volume <sup>1</sup>	<b>23</b>		24		(1)	(3)
Corn flour, tortillas, and other	Net Sales	<b>64.3</b>		60.2		4	7
	Operating Income	<b>4.3</b>	<b>6.7</b>	3.5	5.9	1	21
	EBITDA	<b>6.9</b>	<b>10.7</b>	6.2	10.3	1	11

<sup>1</sup> All sales volume figures are expressed in thousand metric tons.





**Sales volume** decreased 3% to 23 thousand metric tons as volumes in China and Malaysia were impacted by a higher base of comparison in 2022 prior to the deceleration in China’s economic activity, while a positive performance in Australia, partially offset this decline.

**Net sales** increased by 7% to US\$64.3 million as a result of the implementation of pricing strategies to manage inflation.

**Cost of Sales** increased 4% to US\$46.0 million during the quarter due to (1) higher raw material costs; and (2) higher labor costs in the quarter. As a percentage of net sales, it decreased to 71.6% from 73.2% in 1Q22.

**SG&A** increased 11% to US\$14.0 million, as a result of higher logistics and distribution costs. As a percentage of net sales, SG&A increased to 21.8% from 21.0% in 1Q22.

**Operating Income** increased by 21% to US\$4.3 million, while operating margin was 6.7% compared to 5.9% in 1Q22.

**EBITDA** grew by 11% to US\$6.9 million, and EBITDA margin increased 40 basis points to 10.7% from 10.3% in 1Q22.

*Costs that hindered our operation, have started to stabilize and in addition to the pricing strategies implemented recently, this subsidiary has been able to bring back profitability to an upward sloping trend.*

## Gruma Centroamérica

Selected Income Statement Items (USD millions)		YoY					
		1Q23	%	1Q22	%	VAR (\$)	VAR (%)
<b>GRUMA CENTROAMÉRICA</b>	Sales Volume <sup>1</sup>	<b>58</b>		59		(1)	(2)
Corn flour and other	Net Sales	<b>89.5</b>		70.6		19	27
	Operating Income	<b>10.2</b>	<b>11.4</b>	4.7	6.6	6	118
	EBITDA	<b>12.0</b>	<b>13.4</b>	6.4	9.0	6	88

<sup>1</sup> All sales volume figures are expressed in thousand metric tons.



**Sales volume** decreased 2% to 58 thousand metric tons as a result of lower demand for rice products, which are produced by this subsidiary.

**Net sales** increased 27% to US\$89.5 million in line with (1) the passing of additional costs and expenses to revenues; and (2) a more profitable product mix.

**Cost of sales** increased 20% to US\$59.2 million due to (1) higher cost of raw materials; (2) elevated packaging costs; and (3) higher labor costs. As a percentage of net sales, cost of sales improved to 66.1% from 69.6% due to the abovementioned revenue and cost dynamics.

**SG&A** increased 21% to US\$20.2 million due to (1) higher logistics and distribution costs; and (2) higher marketing costs relative to 1Q22. As a percentage of net sales, SG&A improved to 22.6% from 23.7%.

**Operating income** increased 118% to US\$10.2 million and operating margin increased 480 basis points to 11.4% from 6.6% as a result of the revenue growth mentioned above.

**EBITDA** increased 88% to US\$12.0 million from US\$6.4 million in 1Q22, and EBITDA margin expanded 440 basis points to 13.4% from 9.0%.

*Despite experiencing a temporary slowdown in demand for rice during the quarter, the effective inflation management and improvement in the core product mix offered by this subsidiary, have allowed GRUMA Centroamerica to reach attractive profitability levels.*

## Other Subsidiaries and Eliminations

**Operating income** increased to US\$2.0 million from a US\$7.0 million loss in 1Q22 as a result of higher corporate results supported by royalty revenue from all subsidiaries.

## CONFERENCE CALL

The first quarter conference call will be held on Thursday, April 20, 2023, at 12:30 pm Eastern Time (10:30 am Monterrey Time). To access the call, please dial: domestic US +1 (877) 407-0784, international +1 (201) 689-8560.

## ACCOUNTING PROCEDURES

The consolidated figures have been prepared in accordance with the International Financial Reporting Standards (IFRS). The consolidated financial statements are presented in U.S. dollars, currency that corresponds to the presentation currency of the Company. The results of the entities that have a functional currency which differs from the Company's presentation currency are translated into U.S. dollars applying the average exchange rate for the period. Nevertheless, under the section "Subsidiary Results of Operations" and the table "Financial Highlights by Subsidiary" of this report, figures for GIMSA were translated into U.S. dollars using a convenience translation at the exchange rate of Ps.18.1052/dollar as of March 31, 2023. The differences between the use of convenience translation and the average exchange rate for the period are recorded under the line "Convenience Translation Effect" of the same table.

## ABOUT GRUMA

Since 1949, GRUMA, S.A.B. de C.V., is one of the world's leading tortilla and 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. GRUMA is headquartered in San Pedro Garza García, Mexico, and has approximately 25,800 employees and 74 plants. In 2022, GRUMA had net sales of US\$5.6 billion, of which 75% came from non-Mexican operations. For further information, please visit [www.gruma.com](http://www.gruma.com).

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