

# Management Report

[GRI 2-14] [GRI 2-22]



**“Building a better world in which development is for all is an ongoing, dedicated, and genuine task of the entire Organization.**

We will continue being active players in the solutions that the world needs.”

**Carlos Ignacio Gallego Palacio**  
Grupo Nutresa Chief Executive Officer

To improve the quality of life of people and contribute to the transformations the world needs, organizations require a deeper connection with their environment, greater empathy to understand the expectations and needs of stakeholders, and an increased willingness to constantly learn.

Grupo Nutresa contributes to mankind and the planet using a conscious, resilient, and competitive business model that is continuously reviewed to evolve, improve, and find ways to serve others better.

In 2023, we found ourselves in a changing and volatile setting that drove us to enhance our capabilities, increase our flexibility, and build closer ties with the market.

True to our purpose of building a better future in which development benefits everyone, we prioritized the implementation of initiatives that keep us focused on this remarkable goal. At the same time, we streamlined actions to impact the results of the Company positively.

Under a framework of collaboration and sustainability, we advanced towards our long-term goals, delivering value to society, our shareholders, and the planet.

The following shows specific developments made for our 2030 corporate strategy under the three dimensions of sustainable development: Cooperating with people, allies, and society; Preserving the planet; and Inspiring development, growth, and innovation.



Beneficiary of the ‘Templo Comedor’ program, Santa Cruz de la Misericordia, Saciar Foundation, Colombia.

## Health and Nutrition

Health and nutrition are pivotal to Grupo Nutresa. We are inspired by the chance to improve the quality of life of people with food and experiences that not only nourish but also create well-being and pleasure.

In 2023, Vidarium, our Nutrition, Health and Well-being Research Center, celebrated its 15th anniversary. Throughout this time, it has focused on building knowledge on preventing diseases and protecting health through food. Based on this scientific knowledge, we designed science-based products aimed at improving their nutritional profile. In 2023, a total of 823 references were reformulated.

Along with our 2030 commitment to reach 50% of our innovations to benefit people’s health and nutrition, 46,3% progress was displayed.

## Talent Development

Organizational culture, commitment, and talent development remain one of the Organization’s main strengths and set it apart for the achievement of results.

In 2023, we focused on adopting practices to enhance leadership and team capabilities while caring for people’s physical and mental well-being and developing a diverse and inclusive culture.

We worked on initiatives to hire a higher percentage of women in male-dominated positions, create job opportunities for young adults and people with disabilities, and promote a work environment with opportunities for all.

We also enhanced our capabilities in digital transformation, innovation, sustainability, adaptability, and bilingualism, which led us



We have reached a **46,3%** progress regarding innovations in terms of health and nutrition.

## Cooperating with people, allies, and society

### Effective Research and Innovation

Understanding, anticipating, and developing solutions that the world needs is an ongoing task within the Organization.

Indeed, the future of Grupo Nutresa is built through effective research and innovation, while enhancing corporate entrepreneurship, transforming processes, and developing new products and experiences that meet the needs of our stakeholders, and contribute to care for the environment. The above leads us to support collaborations with local and international ecosystems, enter new markets, and build new opportunities.

Our effective research and innovation management remains a major driver of profitable growth for the Organization, representing 17,2% of its total sales by the end of 2023.





Employee from the Ice Cream Business in Colombia.

to update and improve the skills of our employees.

The organizational climate and commitment rating remains at an excellent level, reaching 84,0% in the period. This means that we continue as a leading organization in attracting and retaining talent, with the commitment and motivation of our personnel to meet their goals.

Progress was made in implementing hybrid working conditions with a total of 3.258 employees under one of several forms available, thus enhancing the Organization's flexibility and productivity while promoting a balanced life.

### Community Potential Development

We believe in developing capabilities to reduce inequality and inequity. In 2023, Grupo Nutresa's consolidated social investment amounted to COP 157.832 million, benefiting 3,14 million people. We also aided communities through our volunteer corps (over 13.000 employees) who gave 38.768 hours in 539 initiatives within the strategic region.

We have established the goal of executing a total of 1.000 projects for community development from 2020 to 2030. An accumulated of 393 projects was achieved in 2023.

In terms of education for society, we improved the quality of education management as well as the appropriation of best practices by aiding 121 schools, thus positively impacting more than 140.000 students in Colombia. Similarly, our Recharge and Leaders of Change for Sustainability programs boosted high school education, directly benefiting young adults in Cundinamarca and Antioquia. In addition, we continued showing positive results managing the CUEE (University, Enterprise, and State Committee) as well as the Futuro Nutresa (Nutresa's Future) program, which allowed us to facilitate access to new job opportunities for 7.241 young adults ages 18 to 28.

In the field of Healthy communities, we enhanced 118 agribusinesses in rural and urban communities. Thanks to the Germinar program, families with difficult access to food produce fruits and vegetables for their consumption, thus contributing to their own food security.

## Preserving the planet

### The Environment and Circular Solutions

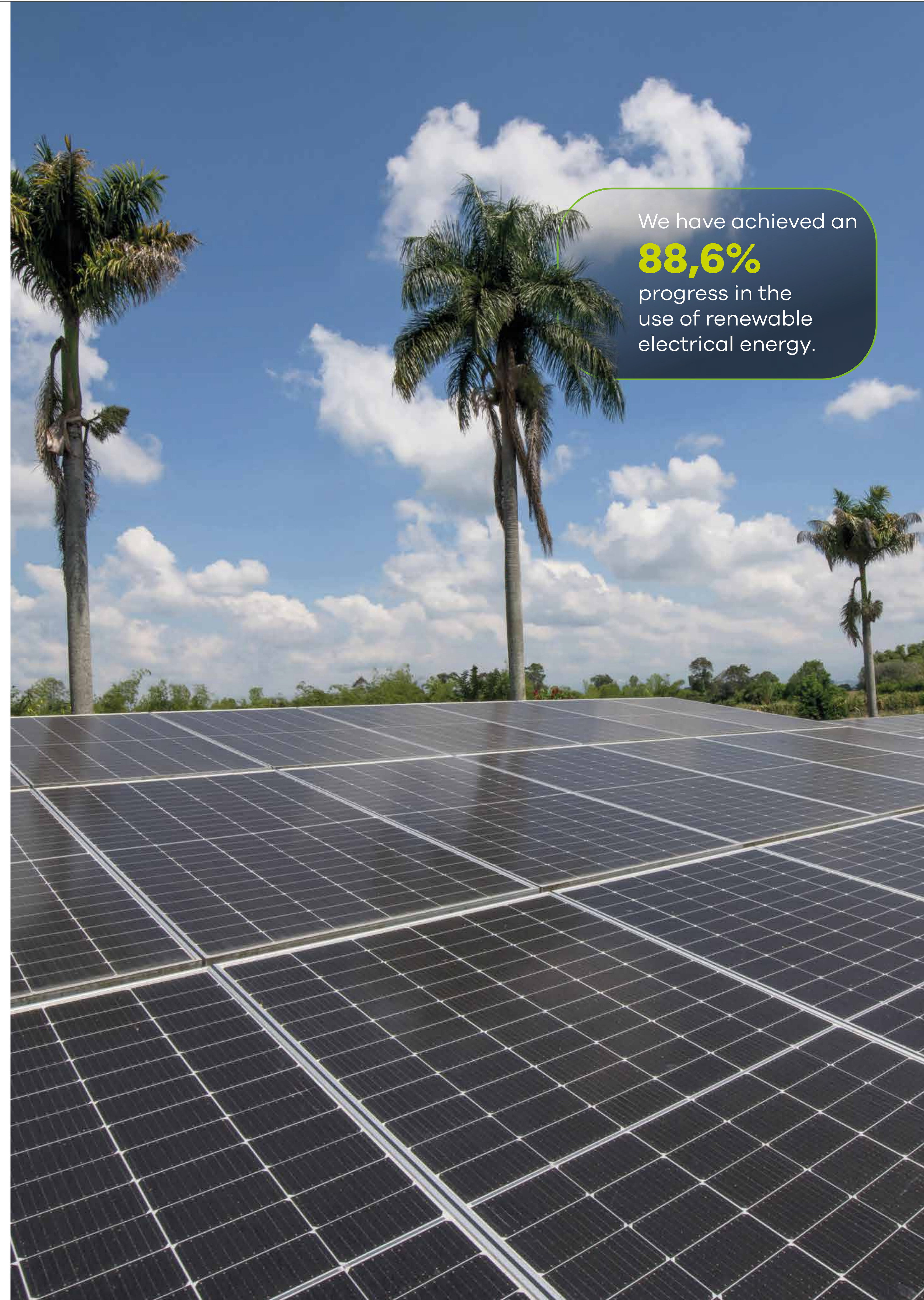
Food production worldwide is paramount for populations while agribusinesses depend on the well-being of ecosystems, soil nutrition, water and air availability and quality, and biodiversity.

In 2023, we consolidated a portfolio of projects for the de-carbonization of the main production chains, promoting productivity, agroforestry systems, and regenerative practices. We also completed the project aimed at planting, hand in hand with 401 local families, one million native trees in the moorlands of Colombia.

In terms of indicators, we reached a 10,32% reduction in tier 1 and tier 2 greenhouse gas emissions alongside a 4,2% decrease in water consumption in our operations. We also increased our use of renewable energy by 88,6% while designing 88,1% of our packaging to be recyclable, reusable, and compostable. Regarding food loss and waste, progress was made with reductions of 5,6% and 13,5%, respectively.

In circularity, our Nutresa Retoma program was expanded to Panama and Costa Rica. Since the project's inception, we have transformed 325,3 tons of flexible post-consumer material to build 12 playgrounds that have benefited 13.500 children in Colombia.

We have achieved an **88,6%** progress in the use of renewable electrical energy.



Ice Cream Business solar park in Armenia, Colombia.





## Inspiring Development, Growth, and Innovation

### Categories, Brands, Networks, and Experiences; Development of Geographies

We continue to invest in high-growth categories and channels with global potential while we maintain our discipline and manage our portfolio to ensure efficient operations and reach expected returns.

In 2023, we continued to enhance the portfolio's value proposition, mainly emphasizing the timeliness, reliability, and affordability of our products and experiences. We consolidated the use of data science and advanced analytics to proactively manage consumers' needs and provide solutions tailored to their expectations.

Most of our brands are the leaders in the categories in which they participate, contributing to the profitable growth of the organization. Today, our portfolio has 50 leading brands that contributed 65,0% of the Group's increased revenue in the year.

In our ability to reach markets, we prioritized initiatives to become increasingly flexible, agile, and efficient. We also consolidated key segments for the Organization, such as food service, restaurants, and B2B clients, which provide additional layers of local and international growth.

**Inclusion-driven businesses with female quinoa farmers in Sapuyes, Nariño, Colombia.**

### Responsible and Productive Sourcing

Through this capability, Grupo Nutresa seeks to lead transformations in the production chain that not only have a positive impact on the environment but also allow the company to manage risks and ensure the continuity of its operation.

In 2023, we carried out collaborative sourcing with more than 18.900 suppliers through purchases that reached 13,1 billion pesos and developed 558 initiatives focused on productivity and resilience.

Through the task force in charge of sustainable sourcing of raw materials, we ensured that 63,3% were sourced productively and sustainably. Initiatives that stand out include the delivery of 3.382.762 cocoa seedlings in Colombia; the implementation of a silvopastoral system in Aguachica, Colombia; and the "Buena Onda" inclusive business program that boosts capabilities in biodiversity conservation, climate resilience and productivity. These initiatives benefited 18.190 cocoa, coffee and wheat farmers and their families.

For the development of geographies, we made progress in consolidating our regional operations, particularly in the United States, Central America, and Chile. These geographies, in turn, represent 30,2% of the Group's consolidated sales and offer remarkable opportunities for the future.

We also consolidated our presence worldwide expanding our portfolio in more than 80 countries through own distribution networks and strategic partners in 18 of them.

### Digital Transformation

Digital tools enhance human capabilities by supporting disruptive thinking, innovation, and ability. We keep exploring and using ap-

propriate technologies to enforce our architecture, remain close to our consumers, and offer a better service.

We made progress in the implementation and development of market contact and relationship platforms, the use of predictive analytics to make decisions, and the automation of commercial processes. We also expedited the adoption of "Pideky," our digital platform for the traditional channel, with remarkable benefits and efficiencies for both shopkeepers and the Organization.

As far as indicators, we reported COP 991.117 million in sales through digital channels, representing 5,2% of the Group's revenues.

**Digital kiosk, El Corral restaurant in Colombia.**





## Competitiveness and Increasing Value Generation

Continuous learning, reflection, and openness to new ways of doing things are necessary to generate sustainable, profitable, and increased value over time.

2023 exhibited a challenging and volatile macroeconomic setting that drove us to balance key factors such as growth, investment, and profitability in highly competitive and demanding contexts. As an Organization, we managed these situations with goals that drove the Group's superior performance, making quick decisions to evolve and enhance organizational capabilities, and a vision of the future.

Commercially, we reported growth in every business unit, as shown in the first half of the year with double-digit figures in the main categories. The second half of the year displayed moderation in consumption and household spending.

In consolidated terms, a revenue of COP 18,9 trillion was reported, up 11,0% compared to 2022. We underscore the double-digit growth of Biscuits, Chocolates, Tresmontes Luchetti, Retail Food, Ice Cream, and Other businesses. In Colombia, these revenues amounted to 11,2 trillion pesos, up 10,8%, and displayed positive dynamics in every business. In 2023, Colombia represented 59,2% of total sales.

International sales amounted to COP 7,7 trillion, 11,2% higher than in 2022, and represented 40,8% of total revenues. In U.S. dollars, these sales amount to \$1,8 billion, up 10,0%.

POPS ice cream shop in Costa Rica. <<<



Business manager from the Cold Cuts Business, Colombia. <<<



The consolidated gross profit of COP 7,4 trillion climbed 18,6% with a margin of 39,1%, up 250 basis points compared to 2022. This is the result of using a timely sourcing and hedging strategy, the moderate costs of several raw materials, and the progressive normalization of the global logistics chain observed in the year.

As far as operating expenses, we evidenced a greater investment in the market to support our brands in a persistent inflationary setting, and the lower dilution of fixed expenses due to smaller volumes in several countries. Hence, the Group's operating profit reached COP 1,7 trillion, up 14,7% compared with 2022. In terms of profitability, the EBITDA reached COP 2,2 trillion, increasing 11,8%, and a margin over sales of 11,7%.

In terms of post-operating expenses, we reported a financial profit of COP 77.354 million, climbing 29,2% due to the Group's sound management of operating cash. Financial expenses, for COP 791.709 million, reported an increase of 78,6% mainly due to higher interest rates throughout the different countries of the strategic region. An exchange difference expense of COP 101.551 million was also reported due to the hedging in some working capital accounts of overseas operations.

In short, robust commercial and operating dynamics were displayed with double-digit growth, while in the post-operating areas, higher expenses were evidenced as a result of the volatility of currencies used in the region and higher financing rates. As a result, the consolidated net profit was COP 720.483 million, sliding 18,4% compared to 2022.





Business manager from the Biscuits Business in Costa Rica.

Equity amounted to COP 6,4 billion, shrinking 40,4% compared to the end of 2022, as a result of the abovementioned spin-off.

In other financial indicators, we reported an operating free cash flow over sales of 7,4% as a result of the sound management of the Group's working capital accounts. The Group's solvency position stands at 1,70 times, liquidity at 1,56 times, and return on invested capital at 11,3%.

We made progress in 2023 toward our long-term goals by managing a regional macroeconomic setting that displayed persistent inflation, high interest rates, and consumption moderation. This prompted us to consciously review processes and prioritize initiatives to increase our agility, flexibility, and productivity while incorporating new capabilities and appropriating new ways of doing things.

In 2023, the Company's Annual Shareholders' Meeting approved the execution of a Framework Agreement to shift the Group's shareholding structure. This Agreement involves the inclusion of major global investors with whom we share the vision of sustainable and profitable growth alongside opportunities for all; and with whom we will remain committed to meet our higher purpose.

In other material topics, the Company's Shareholders' Meeting held on September 18, 2023, approved separating the food operation from the Group's investment portfolio via a symmetrical spin-off that ended on December 14 of that same year. The Balance Sheets for the period reflect this change, and it should be taken into account when making comparisons with prior years.

Turning to the Group's Financial Position Statement, total assets of COP 15,7 billion were reported, displaying a variation of -24,4%. This is mainly explained by inventory management and a spin-off of the long-term investment portfolio.

In total liabilities, we recorded a consolidated figure of COP 9,2 billion, which represents a decrease of 7,1% as a result of a decline in accounts payable and the Group's financial debt.

TOTAL SALES

COP

18,9 trillion

▲ 11,0%

59,2%

SALES IN COLOMBIA

COP trillion

11,2

▲ 10,8%

40,8%

SALES ABROAD

COP trillion

7,7

▲ 10,0%



EBITDA

COP trillion

2,2

▲ 11,8%

CONSOLIDATED MARKET SHARE

50,2%

in Colombia

CONSOLIDATED NET PROFIT

COP million

720.483

▼ -18,4%



## Individual Results of Grupo Nutresa S. A.

In compliance with Colombian regulations, the individual results of Grupo Nutresa S.A. are reported below. We recorded a net operating profit of COP 719.172 million, of which COP 623.890 million correspond to profit from the equity method of our investments in food companies while COP 95.282 million to dividends from the investment portfolio; the net profit was COP 720.588 million.

## Outlook and Acknowledgements

Enhancing our capabilities every day alongside conscious and dedicated collective work is paramount to face 2024 with high hopes.

We will remain committed to a portfolio of products and experiences that promote nutrition, well-being, enjoyment, and family unity through food while staying connected to the remarkable transformations proposed by humanity to take care of ourselves and the planet.

Indeed, Grupo Nutresa's greatest strength lies in its people. The connection with our higher purpose drives us, mobilizes us, and commits us to give our best every day.

“Nutresa Quiere a los Niños” (Nutresa cares for children) Program in Caño del Oro, Cartagena, Colombia.



We extend our gratitude and acknowledge to all those who have contributed for more than one hundred years to build the Company we are today.

To our employees, who build this organization every day with their remarkable drive and dedication, our deep and sincere thank you.

To our extended organization, vendors, clients, buyers, consumers, partners, and other stakeholders, thank you for your contribution to achieving our vision.

And lastly, to our shareholders, thank you for motivating us every day to serve better and for your renewed trust in this organization and its higher purpose: **to build a better world where development is for all.**

**Jaime Gilinski Bacal**

Chairman of the Board of Directors

Gabriel Gilinski Kardonski

Vice Chairman of the Board of Directors

María Ximena Lombana Villalba

Christian Murrle Rojas

Ricardo Díaz Romero

**Carlos Ignacio Gallego Palacio**

Grupo Nutresa Chief Executive Officer