UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 24, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______ to _______
Commission File number 1-9273

PILGRIM'S PRIDE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**75-1285071**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1770 Promontory Circle Greeley CO	**80634-9038**
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: **(970) 506-8000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of Exchange on which Registered
Common Stock, Par Value $0.01	**PPC**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares outstanding of the issuer's common stock, $0.01 par value per share, as of October 25, 2023, was 236,789,929.

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PILGRIM'S PRIDE CORPORATION

PART I. FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PILGRIM'S PRIDE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) September 24, 2023	December 25, 2022
	(In thousands)	
Cash and cash equivalents	$ 899,460	$ 400,988
Restricted cash and restricted cash equivalents	39,657	33,771
Trade accounts and other receivables, less allowance for credit losses	1,151,442	1,097,212
Accounts receivable from related parties	1,676	2,512
Inventories	1,996,720	1,990,184
Income taxes receivable	120,418	155,859
Prepaid expenses and other current assets	219,852	211,092
Total current assets	4,429,225	3,891,618
Deferred tax assets	26,165	1,969
Other long-lived assets	27,982	41,574
Operating lease assets, net	265,579	305,798
Intangible assets, net	832,271	846,020
Goodwill	1,243,173	1,227,944
Property, plant and equipment, net	3,103,421	2,940,846
Total assets	$ 9,927,816	$ 9,255,769
Accounts payable	$ 1,467,892	$ 1,587,939
Accounts payable to related parties	20,284	12,155
Revenue contract liabilities	75,168	34,486
Accrued expenses and other current liabilities	933,473	850,899
Income taxes payable	33,560	58,411
Current maturities of long-term debt	940	26,279
Total current liabilities	2,531,317	2,570,169
Noncurrent operating lease liabilities, less current maturities	201,699	230,701
Long-term debt, less current maturities	3,701,453	3,166,432
Deferred tax liabilities	346,556	364,184
Other long-term liabilities	55,568	71,007
Total liabilities	6,836,593	6,402,493
Common stock	2,619	2,617
Treasury stock	(544,687)	(544,687)
Additional paid-in capital	1,975,434	1,969,833
Retained earnings	1,936,420	1,749,499
Accumulated other comprehensive loss	(292,210)	(336,448)
Total Pilgrim's Pride Corporation stockholders' equity	3,077,576	2,840,814
Noncontrolling interest	13,647	12,462
Total stockholders' equity	3,091,223	2,853,276
Total liabilities and stockholders' equity	$ 9,927,816	$ 9,255,769

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

PILGRIM'S PRIDE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
	(in thousands, except per share data)			
Net sales	$ 4,360,196	$ 4,468,969	$ 12,833,915	$ 13,341,012
Cost of sales	4,014,314	3,971,699	12,036,561	11,624,991
Gross profit	345,882	497,270	797,354	1,716,021
Selling, general and administrative expense	138,569	158,068	420,683	461,902
Restructuring activities	940	—	38,684	—
Operating income	206,373	339,202	337,987	1,254,119
Interest expense, net of capitalized interest	45,645	36,895	135,459	111,303
Interest income	(12,115)	(2,673)	(23,343)	(4,957)
Foreign currency transaction losses	8,924	54	43,462	14,348
Miscellaneous, net	(2,201)	(19,822)	(26,185)	(21,834)
Income before income taxes	166,120	324,748	208,594	1,155,259
Income tax expense	44,553	65,749	20,488	253,679
Net income	121,567	258,999	188,106	901,580
Less: Net income attributable to noncontrolling interests	289	647	1,185	674
Net income attributable to Pilgrim's Pride Corporation	$ 121,278	$ 258,352	$ 186,921	$ 900,906
Weighted average shares of Pilgrim's Pride Corporation common stock outstanding:				
Basic	236,787	238,559	236,702	240,865
Effect of dilutive common stock equivalents	560	649	542	629
Diluted	237,347	239,208	237,244	241,494
Net income attributable to Pilgrim's Pride Corporation per share of common stock outstanding:				
Basic	$ 0.51	$ 1.08	$ 0.79	$ 3.74
Diluted	$ 0.51	$ 1.08	$ 0.79	$ 3.73

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

PILGRIM’S PRIDE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
	(In thousands)			
Net income	$ 121,567	$ 258,999	$ 188,106	$ 901,580
Other comprehensive income (loss):				
Foreign currency translation adjustment:				
Gains (losses) arising during the period	(104,656)	(314,600)	39,269	(572,130)
Derivative financial instruments designated as cash flow hedges:				
Gains (losses) arising during the period	1,384	(1,919)	(275)	(2,242)
Income tax effect	—	—	—	—
Reclassification to net earnings for gains (losses) realized	133	1,342	(216)	2,661
Income tax effect	—	—	—	(24)
Available-for-sale securities:				
Losses arising during the period	(112)	(28)	(166)	(28)
Income tax effect	27	7	40	7
Reclassification to net earnings for gains realized	139	—	168	—
Income tax effect	(34)	—	(41)	—
Defined benefit plans:				
Gains (losses) arising during the period	(365)	2,472	9,628	18,625
Income tax effect	(1,583)	(555)	(4,710)	(4,564)
Reclassification to net earnings of gains realized	266	346	714	923
Income tax effect	(67)	(84)	(173)	(225)
Total other comprehensive income (loss), net of tax	(104,868)	(313,019)	44,238	(556,997)
Comprehensive income (loss)	16,699	(54,020)	232,344	344,583
Less: Comprehensive income attributable to noncontrolling interests	289	647	1,185	674
Comprehensive income (loss) attributable to Pilgrim’s Pride Corporation	$ 16,410	$ (54,667)	$ 231,159	$ 343,909

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

PILGRIM'S PRIDE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

Nine Months Ended September 24, 2023	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
	Shares	Amount	Shares	Amount					
	(In thousands)								
Balance at December 25, 2022	261,611	$ 2,617	(25,142)	$ (544,687)	$ 1,969,833	$ 1,749,499	$ (336,448)	$ 12,462	$ 2,853,276
Net income	—	—	—	—	—	186,921	—	1,185	188,106
Other comprehensive income, net of tax	—	—	—	—	—	—	44,238	—	44,238
Stock-based compensation plans:									
Common stock issued under compensation plans	264	2	—	—	(2)	—	—	—	—
Requisite service period recognition	—	—	—	—	5,603	—	—	—	5,603
Balance at September 24, 2023	261,875	$ 2,619	(25,142)	$ (544,687)	$ 1,975,434	$ 1,936,420	$ (292,210)	$ 13,647	$ 3,091,223

Three Months Ended September 24, 2023	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Shares	Amount	Shares	Amount					
	(In thousands)								
Balance at June 25, 2023	261,875	$ 2,619	(25,142)	$ (544,687)	$ 1,973,498	$ 1,815,142	$ (187,342)	$ 13,358	$ 3,072,588
Net income	—	—	—	—	—	121,278	—	289	121,567
Other comprehensive loss, net of tax	—	—	—	—	—	—	(104,868)	—	(104,868)
Stock-based compensation plans:									
Requisite service period recognition	—	—	—	—	1,936	—	—	—	1,936
Balance at September 24, 2023	261,875	$ 2,619	(25,142)	$ (544,687)	$ 1,975,434	$ 1,936,420	$ (292,210)	$ 13,647	$ 3,091,223

Nine Months Ended September 25, 2022	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
	Shares	Amount	Shares	Amount					
	(In thousands)								
Balance at December 26, 2021	261,347	$ 2,614	(17,673)	$ (345,134)	$ 1,964,028	$ 1,003,569	$ (47,997)	$ 11,854	$ 2,588,934
Net income	—	—	—	—	—	900,906	—	674	901,580
Other comprehensive loss, net of tax	—	—	—	—	—	—	(556,997)	—	(556,997)
Stock-based compensation plans:									
Common stock issued under compensation plans	262	3	—	—	(3)	—	—	—	—
Requisite service period recognition	—	—	—	—	6,285	—	—	—	6,285
Common stock purchased under share repurchase program	—	—	(7,469)	(199,553)	—	—	—	—	(199,553)
Balance at September 25, 2022	261,609	$ 2,617	(25,142)	$ (544,687)	$ 1,970,310	$ 1,904,475	$ (604,994)	$ 12,528	$ 2,740,249

Three Months Ended September 25, 2022	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
	Shares	Amount	Shares	Amount					
	(In thousands)								
Balance at June 26, 2022	261,578	$ 2,616	(22,305)	$ (465,123)	$ 1,968,562	$ 1,646,123	$ (291,975)	$ 11,881	$ 2,872,084
Net income	—	—	—	—	—	258,352	—	647	258,999
Other comprehensive loss, net of tax	—	—	—	—	—	—	(313,019)	—	(313,019)
Stock-based compensation plans:									
Common stock issued under compensation plans	31	1	—	—	(1)	—	—	—	—
Requisite service period recognition	—	—	—	—	1,749	—	—	—	1,749
Common stock purchased under share repurchase program	—	—	(2,837)	(79,564)	—	—	—	—	(79,564)
Balance at September 25, 2022	261,609	$ 2,617	(25,142)	$ (544,687)	$ 1,970,310	$ 1,904,475	$ (604,994)	$ 12,528	$ 2,740,249

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

PILGRIM’S PRIDE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended	
	September 24, 2023	September 25, 2022
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 188,106	$ 901,580
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	307,414	300,962
Deferred income tax benefit	(46,808)	(48,611)
Gain on property disposals	(8,416)	(5,620)
Loan cost amortization	6,059	4,311
Stock-based compensation	5,236	5,982
Asset impairment	4,011	—
Accretion of discount related to Senior Notes	1,581	1,288
Loss on equity-method investments	330	1
Changes in operating assets and liabilities:		
Trade accounts and other receivables	(65,183)	(211,827)
Inventories	(12,957)	(455,465)
Prepaid expenses and other current assets	(8,039)	(3,525)
Accounts payable, accrued expenses and other current liabilities	12,224	297,271
Income taxes	40,463	10,241
Long-term pension and other postretirement obligations	(1,700)	(3,128)
Other operating assets and liabilities	(22,723)	(2,847)
Cash provided by operating activities	399,598	790,613
Cash flows from investing activities:		
Acquisitions of property, plant and equipment	(432,339)	(342,588)
Proceeds from insurance recoveries	20,681	7,339
Proceeds from property disposals	17,188	14,607
Purchase of acquired business, net of cash acquired	—	(9,692)
Cash used in investing activities	(394,470)	(330,334)
Cash flows from financing activities:		
Proceeds from revolving line of credit and long-term borrowings	1,278,032	362,541
Payments on revolving line of credit, long-term borrowings and finance lease obligations	(765,899)	(370,332)
Payments of capitalized loan costs	(10,275)	(3,070)
Payment of equity distribution under Tax Sharing Agreement between JBS USA Holdings and Pilgrim’s Pride Corporation	(1,592)	(1,961)
Purchase of common stock under share repurchase program	—	(199,553)
Cash provided by (used in) financing activities	500,266	(212,375)
Effect of exchange rate changes on cash and cash equivalents	(1,036)	(13,932)
Increase in cash, cash equivalents, restricted cash and restricted cash equivalents	504,358	233,972
Cash, cash equivalents, restricted cash and restricted cash equivalents, beginning of period	434,759	450,121
Cash, cash equivalents, restricted cash and restricted cash equivalents, end of period	$ 939,117	$ 684,093

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Pilgrim’s Pride Corporation (referred to herein as “Pilgrim’s,” “PPC,” “the Company,” “we,” “us,” “our,” or similar terms) is one of the largest chicken producers in the world, with operations in the United States (“U.S.”), the United Kingdom (“U.K.”), Mexico, France, Puerto Rico, the Netherlands and the Republic of Ireland. Pilgrim’s products are sold to foodservice, retail and frozen entrée customers. The Company’s primary distribution is through retailers, foodservice distributors and restaurants throughout the countries listed above. Additionally, the Company exports chicken and pork products to approximately 110 countries. Our fresh products consist of refrigerated (nonfrozen) whole or cut-up chicken, selected chicken parts that are either marinated or non-marinated, primary pork cuts, added value pork and pork ribs. The Company’s prepared products include fully cooked, ready-to-cook and individually frozen chicken parts, strips, nuggets and patties, processed sausages, bacon, smoked meat, gammon joints, pre-packed meats, sandwich and deli counter meats and meat balls. The Company’s other products include plant-based protein offerings, ready-to-eat meals, multi-protein frozen foods, vegetarian foods and desserts. The Company also provides direct-to-consumer meals and hot food-to-go solutions in the U.K. and the Republic of Ireland. We operate feed mills, hatcheries, processing plants and distribution centers in the U.S., the U.K., Mexico, France, Puerto Rico, the Netherlands and the Republic of Ireland. As of September 24, 2023, Pilgrim’s had approximately 61,200 employees and had the capacity to process approximately 42.1 million birds per 5-day work week. Approximately 4,650 contract growers supply chicken for the Company’s operations. As of September 24, 2023, PPC had the capacity to process approximately 42,000 pigs per 5-day work week and 220 contract growers supply pigs for the Company’s operations. As of September 24, 2023, JBS S.A., through its indirect wholly-owned subsidiaries (collectively, “JBS”), beneficially owned 82.5% of the Company’s outstanding common stock.

Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the U.S. (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the U.S. Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal and recurring adjustments unless otherwise disclosed) considered necessary for a fair presentation have been included. Operating results for the nine months ended September 24, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. For further information, refer to the consolidated financial statements and notes thereto included in the Company’s annual report on Form 10-K for the year ended December 25, 2022.

The Company operates on the basis of a 52/53 week fiscal year ending on the Sunday falling on or before December 31. Any reference we make to a particular year (for example, 2023) in the notes to these Condensed Consolidated Financial Statements applies to our fiscal year and not the calendar year. The nine months ended September 24, 2023 represents the period from December 26, 2022 through September 24, 2023. The nine months ended September 25, 2022 represents the period from December 27, 2021 through September 25, 2022.

The Condensed Consolidated Financial Statements include the accounts of the Company and its majority-owned subsidiaries. We eliminate all significant affiliate accounts and transactions upon consolidation.

The Condensed Consolidated Financial Statements have been prepared in conformity with U.S. GAAP using management’s best estimates and judgments. These estimates and judgments affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements. The estimates and judgments will also affect the reported amounts for certain revenues and expenses during the reporting period. Actual results could differ materially from these estimates and judgments. Significant estimates made by the Company include the allowance for credit losses, reserves related to inventory obsolescence or valuation, useful lives of long-lived assets, goodwill, valuation of deferred tax assets, insurance accruals, valuation of pension and other postretirement benefits obligations, income tax accruals, certain derivative positions, certain litigation reserves and valuations of acquired businesses.

The functional currency of the Company’s U.S. and Mexico operations and certain holding-company subsidiaries in Luxembourg, the U.K., Malta and the Republic of Ireland is the U.S. dollar. The functional currency of its U.K. operations is the British pound. The functional currency of the Company’s operations in France, the Netherlands and the Republic of Ireland is the euro. For foreign currency-denominated entities other than the Company’s Mexico operations, translation from local currencies into U.S. dollars is performed for assets and liabilities using the exchange rates in effect as of the balance sheet date.

Income and expense accounts are remeasured using average exchange rates for the period. Adjustments resulting from translation of these financial records are reflected as a separate component of *Accumulated other comprehensive loss* in the Condensed Consolidated Balance Sheets. For the Company's Mexico operations, remeasurement from the Mexican peso to U.S. dollars is performed for monetary assets and liabilities using the exchange rate in effect as of the balance sheet date. Remeasurement is performed for non-monetary assets using the historical exchange rate in effect on the date of each asset's acquisition. Income and expense accounts are remeasured using average exchange rates for the period. Net adjustments resulting from remeasurement of these financial records, as well as foreign currency transaction gains and losses, are reflected in *Foreign currency transaction losses* in the Condensed Consolidated Statements of Income.

Restricted Cash and Restricted Cash Equivalents

The Company is required to maintain cash balances with a broker as collateral for exchange-traded futures contracts. These balances are classified as restricted cash as they are not available for use by the Company to fund daily operations. The balance of restricted cash and restricted cash equivalents may also include investments in U.S. Treasury Bills that qualify as restricted cash equivalents, as required by the broker, to offset the obligation to return cash collateral.

The following table reconciles cash, cash equivalents, restricted cash and restricted cash equivalents as reported in the Condensed Consolidated Balance Sheets to the total of the same amounts shown in the Condensed Consolidated Statements of Cash Flows:

	September 24, 2023	December 25, 2022
	(In thousands)	
Cash and cash equivalents	$ 899,460	$ 400,988
Restricted cash and restricted cash equivalents	39,657	33,771
Total cash, cash equivalents, restricted cash and restricted cash equivalents shown in the Condensed Consolidated Statements of Cash Flows	$ 939,117	$ 434,759

Accounting Pronouncements Adopted in 2023

In September 2022, the FASB issued ASU 2022-04, *Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*, which requires disclosure of the existence of supplier financing programs. The guidance requires disclosure about the nature of the supplier financing agreements, including key terms and payment timing and determination of amounts, the accounting treatment for the transactions and the effect of the transactions on the financial statements, as well as any assets pledged or guarantees provided to the providers of the financing programs. The provisions of the new guidance were effective for years beginning after December 15, 2022 with the requirement to add rollforward disclosures for years beginning after December 15, 2023. The Company adopted this guidance effective December 26, 2022. The adoption of this guidance did not have a material impact on our Condensed Consolidated Financial Statements. Additional information regarding supplier finance programs is included in "Note 10. Supplier Finance Programs."

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions to the application of current GAAP to existing contracts, hedging relationships and other transactions affected by reference rate reform. The new guidance will ease the transition to new reference rates by allowing entities to update contracts and hedging relationships without applying many of the contract modification requirements specific to those contracts. The provisions of the new guidance are effective beginning March 12, 2020, extending through December 31, 2022 with the option to apply the guidance at any point during that time period. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848)*, which provides further clarification on the scope of Topic 848 so that derivatives affected by the discounting transition are explicitly eligible for certain optional expedients and exceptions in Topic 848. Once an entity elects an expedient or exception it must be applied to all eligible contracts or transactions. The Company adopted this guidance effective December 26, 2022. The adoption did not have a material impact on our Condensed Consolidated Financial Statements.

2. REVENUE RECOGNITION

The vast majority of the Company's revenue is derived from contracts which are based upon a customer ordering our products. While there may be master agreements, the contract is only established when the customer's order is accepted by the Company. The Company accounts for a contract, which may be verbal or written, when it is approved and committed by both parties, the rights of the parties are identified along with payment terms, the contract has commercial substance and collectability is probable.

The Company evaluates the transaction for distinct performance obligations, which are the sale of its products to customers. Since its products are commodity market-priced, the sales price is representative of the observable, standalone selling price. Each performance obligation is recognized based upon a pattern of recognition that reflects the transfer of control to the customer at a point in time, which is upon destination (customer location or port of destination), which faithfully depicts the transfer of control and recognition of revenue. There are instances of customer pick-up at the Company's facility, in which case control transfers to the customer at that point and the Company recognizes revenue. The Company's performance obligations are typically fulfilled within days to weeks of the acceptance of the order.

The Company makes judgments regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from revenue and cash flows with customers. Determination of a contract requires evaluation and judgment along with the estimation of the total contract value and if any of the contract value is constrained. Due to the nature of our business, there is minimal variable consideration, as the contract is established at the acceptance of the order from the customer. When applicable, variable consideration is estimated at contract inception and updated on a regular basis until the contract is completed. Allocating the transaction price to a specific performance obligation based upon the relative standalone selling prices includes estimating the standalone selling prices including discounts and variable consideration.

Disaggregated Revenue

Revenue has been disaggregated into the categories below to show how economic factors affect the nature, amount, timing and uncertainty of revenue and cash flows:

	Three Months Ended September 24, 2023 (In thousands)				
	Fresh	Prepared	Export	Other	Total
U.S.	$ 2,020,480	$ 241,933	$ 129,624	$ 96,280	$ 2,488,317
U.K. and Europe	267,748	888,299	114,768	41,390	1,312,205
Mexico	479,100	53,126	—	27,448	559,674
Total net sales	$ 2,767,328	$ 1,183,358	$ 244,392	$ 165,118	$ 4,360,196

	Three Months Ended September 25, 2022 (In thousands)				
	Fresh	Prepared	Export	Other	Total
U.S.	$ 2,309,402	$ 280,114	$ 146,704	$ 100,700	$ 2,836,920
U.K. and Europe	205,403	783,048	180,605	34,039	1,203,095
Mexico	364,060	40,785	—	24,109	428,954
Total net sales	$ 2,878,865	$ 1,103,947	$ 327,309	$ 158,848	$ 4,468,969

	Nine Months Ended September 24, 2023 (In thousands)				
	Fresh	Prepared	Export	Other	Total
U.S.	$ 5,956,474	$ 708,389	$ 397,397	$ 304,833	$ 7,367,093
U.K. and Europe	813,118	2,598,748	349,492	100,861	3,862,219
Mexico	1,364,761	149,330	—	90,512	1,604,603
Total net sales	$ 8,134,353	$ 3,456,467	$ 746,889	$ 496,206	$ 12,833,915

	Nine Months Ended September 25, 2022 (In thousands)				
	Fresh	Prepared	Export	Other	Total
U.S.	$ 6,709,441	$ 839,164	$ 421,516	$ 347,886	$ 8,318,007
U.K. and Europe	674,757	2,320,873	538,878	105,621	3,640,129
Mexico	1,200,329	116,264	—	66,283	1,382,876
Total net sales	$ 8,584,527	$ 3,276,301	$ 960,394	$ 519,790	$ 13,341,012

Contract Costs

The Company can incur incremental costs to obtain or fulfill a contract such as broker expenses that are not expected to be recovered. The amortization period for such expenses is less than one year; therefore, the costs are expensed as incurred.

Taxes

The Company excludes all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the entity from a customer (for example, sales, use, value added and some excise taxes) from the transaction price.

Contract Balances

The Company receives payment from customers based on terms established with the customer. Payments are typically due within 14 to 30 days of delivery. Revenue contract liabilities relate to payments received in advance of satisfying the performance under the customer contract. The revenue contract liabilities relate to customer prepayments and the advanced consideration, such as cash, received from governmental agency contracts for which performance obligations to the end customer have not been satisfied.

Changes in the revenue contract liabilities balance are as follows (in thousands):

Balance as of December 25, 2022	$	34,486
Revenue recognized		(24,357)
Cash received, excluding amounts recognized as revenue during the period		65,039
Balance as of September 24, 2023	$	75,168

Accounts Receivable

The Company records accounts receivable when revenue is recognized. We record an allowance for credit losses, reducing our receivables balance to an amount we estimate is collectible from our customers. Estimates used in determining the allowance for credit losses are based on historical collection experience, current trends, aging of accounts receivable and periodic credit evaluations of our customers' financial condition. We write off accounts receivable when it becomes apparent, based upon age or customer circumstances, that such amounts will not be collected. Generally, the Company does not require collateral for its accounts receivable.

3. DERIVATIVE FINANCIAL INSTRUMENTS

The Company utilizes various raw materials in its operations, including corn, soybean meal, soybean oil, wheat, natural gas, electricity and diesel fuel, which are all considered commodities. The Company considers these raw materials generally available from a number of different sources and believes it can obtain them to meet its requirements. These commodities are subject to price fluctuations and related price risk due to factors beyond our control, such as economic and political conditions, supply and demand, weather, governmental regulation and other circumstances. Generally, the Company purchases derivative financial instruments, specifically exchange-traded futures and options, in an attempt to mitigate price risk related to its anticipated consumption of commodity inputs for approximately the next twelve months. The Company may purchase longer-term derivative financial instruments on particular commodities if deemed appropriate.

The Company has operations in Mexico, the U.K., France, the Netherlands and the Republic of Ireland. Therefore, it has exposure to translational foreign exchange risk when the financial results of those operations are remeasured in U.S. dollars. The Company has purchased foreign currency forward contracts to manage a portion of this foreign exchange risk.

The fair value of derivative assets is included in the line item *Prepaid expenses and other current assets* on the Condensed Consolidated Balance Sheets while the fair value of derivative liabilities is included in the line item *Accrued expenses and other current liabilities* on the same statements. The Company's counterparties require that it post collateral for changes in the net fair value of the derivative contracts. This cash collateral is reported in the line item *Restricted cash and restricted cash equivalents* on the Condensed Consolidated Balance Sheets.

Undesignated contracts may include contracts not designated as hedges or contracts that do not qualify for hedge accounting. The fair value of each of these derivatives is recognized in the Condensed Consolidated Balance Sheets within *Prepaid expenses and other current assets* or *Accrued expenses and other current liabilities*. Changes in fair value of each derivative are recognized immediately in the Condensed Consolidated Statements of Income within *Net sales*, *Cost of sales*, *Selling, general and administrative expense*, or *Foreign currency transaction losses* depending on the risk the derivative is intended to mitigate. While management believes these instruments help mitigate various market risks, they are not designated and accounted for as hedges as a result of the extensive record keeping requirements.

The Company does not apply hedge accounting treatment to certain derivative financial instruments that it has purchased to mitigate commodity purchase exposures in the U.S. and Mexico or foreign currency transaction exposures on our

Mexico operations. Therefore, the Company recognized changes in the fair value of these derivative financial instruments immediately in earnings. Gains or losses related to the commodity derivative financial instruments are included in the line item *Cost of sales* in the Condensed Consolidated Statements of Income. Realized gains and losses related to cash flows are disclosed in the Condensed Consolidated Statements of Cash Flows in *Cash Provided by Operating Activities.* Unrealized gains and losses related to cash flows are disclosed in the Condensed Consolidated Statements of Cash Flows in the line item *Other operating assets and liabilities.* Gains or losses related to the foreign currency derivative financial instruments are included in the line item *Foreign currency transaction losses* and *Cost of sales* in the Condensed Consolidated Statements of Income.

The Company does apply hedge accounting treatment to certain derivative financial instruments related to its U.K. and Europe reportable segment that it has purchased to mitigate foreign currency transaction exposures. Before the settlement date of the financial derivative instruments, the Company recognizes changes in the fair value of the cash flow hedge into accumulated other comprehensive income ("AOCI"). When the derivative financial instruments are settled, the amount in AOCI is then reclassified to earnings. Gains or losses related to these derivative financial instruments are included in the line item *Net sales* and *Cost of sales* in the Condensed Consolidated Statements of Income.

We have generally applied the normal purchase and normal sale scope exception ("NPNS") to our forward physical grain purchase contracts delivered by truck and to our forward physical natural gas and solar-generated power purchase contracts. NPNS contracts are accounted for using the accrual method of accounting; therefore, amounts payable under these contracts are recorded when we take delivery of the contracted product and no amounts were recorded for the fair value of these contracts in the condensed consolidated financial statements at September 24, 2023 and December 25, 2022.

Information regarding the Company's outstanding derivative instruments and cash collateral posted with brokers is included in the following table:

	September 24, 2023	December 25, 2022
	(In thousands)	
Fair values:		
Commodity derivative assets	$ 5,071	$ 17,922
Commodity derivative liabilities	(22,874)	(9,042)
Foreign currency derivative assets	944	555
Foreign currency derivative liabilities	(1,395)	(6,170)
Sales contract derivative assets	1,923	—
Sales contract derivative liabilities	—	(3,705)
Cash collateral posted with brokers[(a)]	39,657	33,771
Derivatives coverage[(b)]:		
Corn	10.9 %	14.4 %
Soybean meal	18.7 %	10.1 %
Period through which stated percent of needs are covered:		
Corn	July 2024	December 2023
Soybean meal	July 2024	December 2023

(a) Collateral posted with brokers consists primarily of cash, short-term treasury bills or other cash equivalents.
(b) Derivatives coverage is the percent of anticipated commodity needs covered by outstanding derivative instruments through a specified date.

The following table presents the gains and losses of each derivative instrument held by the Company not designated or qualifying as hedging instruments:

	Three Months Ended		Nine Months Ended		
Gains (Losses) by Type of Contract [(a)]	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022	Affected Line Item in the Condensed Consolidated Statements of Income
	(In thousands)				
Foreign currency derivatives	$ (6,164)	$ (51)	$ (53,818)	$ (18,611)	Foreign currency transaction losses
Commodity derivatives	3,324	28,810	(13,023)	47,833	Cost of sales
Sales contract derivative	3,100	(6,734)	5,628	1,448	Net sales
Total	$ 260	$ 22,025	$ (61,213)	$ 30,670	

(a) Amounts represent income (expenses) related to results of operations.

The following tables present the components of the gain or loss on derivatives that qualify as cash flow hedges:

	Gains (Losses) Recognized in Other Comprehensive Income			
	Three Months Ended		Nine Months Ended	
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
	(In thousands)			
Foreign currency derivatives	$ 1,346	$ (1,974)	$ (302)	$ (2,317)

	Gains (Losses) Reclassified from AOCI into Income					
	Three Months Ended September 24, 2023			Three Months Ended September 25, 2022		
	Net sales[(a)]	Cost of sales[(b)]	Interest expense, net of capitalized interest[(b)]	Net sales[(a)]	Cost of sales[(b)]	Interest expense, net of capitalized interest[(b)]
	(In thousands)					
Total amounts of income and expense line items presented in the Condensed Consolidated Statements of Income in which the effects of cash flow hedges are recorded	$ 4,360,196	$ 4,014,314	$ 45,645	$ 4,468,969	$ 3,971,699	$ 36,895
Impact from cash flow hedging instruments:						
Foreign currency derivatives	106	239	—	(1,067)	275	—

(a) Amounts represent income (expenses) related to net sales.
(b) Amounts represent expenses (income) related to cost of sales and interest expense.

	Gains (Losses) Reclassified from AOCI into Income					
	Nine Months Ended September 24, 2023			Nine Months Ended September 25, 2022		
	Net sales[(a)]	Cost of sales[(b)]	Interest expense, net of capitalized interest[(b)]	Net sales[(a)]	Cost of sales[(b)]	Interest expense, net of capitalized interest[(b)]
	(In thousands)					
Total amounts of income and expense line items presented in the Condensed Consolidated Statements of Income in which the effects of cash flow hedges are recorded	$ 12,833,915	$ 12,036,561	$ 135,459	$ 13,341,012	$ 11,624,991	$ 111,303
Impact from cash flow hedging instruments:						
Foreign currency derivatives	440	224	—	(2,001)	562	—
Interest rates swap derivatives	—	—	—	—	—	98

(a) Amounts represent income (expenses) related to net sales.
(b) Amounts represent expenses (income) related to cost of sales and interest expense.

At September 24, 2023, there was a $1.9 million pre-tax deferred net loss on foreign currency derivatives recorded in AOCI that is expected to be reclassified to the Condensed Consolidated Statements of Income during the next twelve months. This expectation is based on the anticipated settlements on the hedged investments in foreign currencies that will occur over the next twelve months, at which time the Company will recognize the deferred losses to earnings.

4. TRADE ACCOUNTS AND OTHER RECEIVABLES

Trade accounts and other receivables, less allowance for credit losses, consisted of the following:

	September 24, 2023	December 25, 2022
	(In thousands)	
Trade accounts receivable	$ 1,084,388	$ 984,332
Notes receivable from third parties	14,576	33,477
Other receivables	60,505	88,962
Receivables, gross	1,159,469	1,106,771
Allowance for credit losses	(8,027)	(9,559)
Receivables, net	$ 1,151,442	$ 1,097,212
Accounts receivable from related parties[(a)]	$ 1,676	$ 2,512

(a) Additional information regarding accounts receivable from related parties is included in "Note 17. Related Party Transactions."

Activity in the allowance for credit losses was as follows:

	Nine Months Ended September 24, 2023
	(In thousands)
Balance, beginning of period	$ (9,559)
Provision charged to operating results	(316)
Account write-offs and recoveries	2,431
Effect of exchange rate	(583)
Balance, end of period	$ (8,027)

In June 2023, the Company and JBS USA Food Company ("JBS USA") jointly entered into a receivables purchase agreement with a bank for an uncommitted facility with a maximum capacity of $265.0 million and no recourse to the Company or JBS USA. Under the facility, the Company may sell eligible trade receivables in exchange for cash. Transfers under the agreement are recorded as a sale under ASC 860, *Broad Transactions – Transfers and Servicing*. At the transfer date, the Company received cash equal to the face value of the receivables sold less a fee based on the current Secured Overnight Financing Rate ("SOFR") plus an applicable margin applied over the customer payment term. The fees are immaterial.

5. INVENTORIES

Inventories consisted of the following:

	September 24, 2023	December 25, 2022
	(In thousands)	
Raw materials and work-in-process	$ 1,157,966	$ 1,204,092
Finished products	662,178	596,375
Operating supplies	71,167	95,367
Maintenance materials and parts	105,409	94,350
Total inventories	$ 1,996,720	$ 1,990,184

6. INVESTMENTS IN SECURITIES

The Company recognizes investments in available-for-sale securities as cash equivalents, current investments or long-term investments depending upon each security's length to maturity. The following table summarizes our investments in available-for-sale securities:

	September 24, 2023		December 25, 2022	
	Cost	Fair Value	Cost	Fair Value
	(In thousands)			
Cash equivalents:				
Fixed income securities	$ 374,484	$ 374,591	$ 167,366	$ 167,430

Gross realized gains during the three and nine months ended September 24, 2023 related to the Company's available-for-sale securities were $5.8 million and $12.1 million, respectively and gross realized gains during the three and nine months ended September 25, 2022 were immaterial. Proceeds received from the sale or maturity of available-for-sale securities investments are historically disclosed in the Condensed Consolidated Statements of Cash Flows. Net unrealized holding gains and losses on the Company's available-for-sale securities recognized during the nine months ended September 24, 2023 and September 25, 2022 that have been included in accumulated other comprehensive income (loss) and the net amount of gains and losses reclassified out of accumulated other comprehensive income (loss) to earnings during the nine months ended September 24, 2023 and September 25, 2022 are disclosed in "Note 13. Stockholders' Equity."

7. GOODWILL AND INTANGIBLE ASSETS

The activity in goodwill by segment for the nine months ended September 24, 2023 was as follows:

	December 25, 2022	Currency Translation	September 24, 2023
		(In thousands)	
U.S.	$ 41,936	$ —	$ 41,936
U.K. and Europe	1,058,204	15,229	1,073,433
Mexico	127,804	—	127,804
Total	$ 1,227,944	$ 15,229	$ 1,243,173

Intangible assets consisted of the following:

	December 25, 2022	Amortization	Currency Translation	September 24, 2023
		(In thousands)		
Cost:				
Trade names not subject to amortization	$ 549,024	$ —	$ 9,078	$ 558,102
Trade names subject to amortization	112,057	—	2,255	114,312
Customer relationships	427,662	—	3,527	431,189
Accumulated amortization:				
Trade names	(53,708)	(2,861)	(2,952)	(59,521)
Customer relationships	(189,015)	(21,951)	(845)	(211,811)
Intangible assets, net	$ 846,020	$ (24,812)	$ 11,063	$ 832,271

Intangible assets are amortized over the estimated useful lives of the assets as follows:

Customer relationships	3-18 years
Trade names subject to amortization	15-20 years

At September 24, 2023, the Company assessed if events or changes in circumstances indicated that the asset group-level carrying amounts of its intangible assets subject to amortization might not be recoverable. There were no indicators present that required the Company to test the recoverability of the asset group-level carrying amounts of its intangible assets subject to amortization at that date. The Company will perform its annual tests of recoverability of goodwill and trade names not subject to amortization in the fourth quarter of 2023, which if there were to be an impairment could be material.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (“PP&E”), net consisted of the following:

	September 24, 2023	December 25, 2022
	(In thousands)	
Land	$ 268,280	$ 263,494
Buildings	2,124,712	2,065,042
Machinery and equipment	3,783,592	3,651,464
Autos and trucks	90,211	77,865
Finance lease assets	5,710	5,710
Construction-in-progress	497,263	358,819
PP&E, gross	6,769,768	6,422,394
Accumulated depreciation	(3,666,347)	(3,481,548)
PP&E, net	$ 3,103,421	$ 2,940,846

The Company recognized depreciation expense of $96.2 million and $90.8 million during the three months ended September 24, 2023 and September 25, 2022, respectively. The Company recognized depreciation expense of $282.6 million and $275.3 million during the nine months ended September 24, 2023 and September 25, 2022, respectively.

During the nine months ended September 24, 2023, Pilgrim’s spent $432.3 million on capital projects and transferred $292.6 million of completed projects from construction-in-progress to depreciable assets. During the nine months ended September 25, 2022, the Company spent $342.6 million on capital projects and transferred $230.7 million of completed projects from construction-in-progress to depreciable assets.

During the three and nine months ended September 24, 2023, the Company sold certain PP&E for $2.2 million and $17.2 million, respectively, in cash and recognized a net loss of $0.9 million and a net gain of $8.4 million, respectively, on these sales. PP&E sold during the nine months ended September 24, 2023 consisted of a farm in Mexico and other miscellaneous equipment. During the three and nine months ended September 25, 2022, the Company sold miscellaneous equipment for cash of $12.2 million and $14.6 million, respectively, and recognized a net loss of $8.3 million and $5.6 million, respectively, on these sales.

The Company has closed or idled various facilities in the U.S. and in the U.K. The Board of Directors has not determined if it would be in the best interest of the Company to divest any of these idled assets. Management is therefore not certain that it can or will divest any of these assets within one year, is not actively marketing these assets and, accordingly, has not classified them as assets held for sale. The Company continues to depreciate these assets. As of September 24, 2023, the carrying amounts of these idled assets totaled $59.4 million based on depreciable value of $213.5 million and accumulated depreciation of $154.1 million. Idled asset values include those assets that are no longer in use as a result of the recent restructuring activities of our U.K. and Europe segment. During the nine months ended September 24, 2023, the Company recognized an additional impairment loss on PP&E of $4.0 million incurred as a result of those restructuring activities. Additional information regarding restructuring activities is included in “Note 16. Restructuring-Related Activities.”

As of September 24, 2023, the Company assessed if events or changes in circumstances indicated that the asset group-level carrying amounts of its PP&E held for use might not be recoverable. There were no indicators present that required the Company to test the recoverability of the asset group-level carrying amounts of its PP&E held for use at that date.

9. CURRENT LIABILITIES

Current liabilities, other than income taxes and current maturities of long-term debt, consisted of the following components:

	September 24, 2023	December 25, 2022
	(In thousands)	
Accounts payable:		
Trade accounts payable	$ 1,359,636	$ 1,476,552
Book overdrafts	89,251	93,800
Other payables	19,005	17,587
Total accounts payable	1,467,892	1,587,939
Accounts payable to related parties[(a)]	20,284	12,155
Revenue contract liabilities[(b)]	75,168	34,486
Accrued expenses and other current liabilities:		
Compensation and benefits	236,353	258,098
Accrued sales rebates	95,418	55,002
Interest and debt-related fees	72,968	32,433
Litigation settlements[(c)]	68,630	99,230
Insurance and self-insured claims	68,535	72,453
Current maturities of operating lease liabilities	67,380	79,222
Taxes	43,428	33,550
Derivative liabilities[(d)]	24,269	18,917
Other accrued expenses	256,492	201,994
Total accrued expenses and other current liabilities	933,473	850,899
Total	$ 2,496,817	$ 2,485,479

(a) Additional information regarding accounts payable to related parties is included in “Note 17. Related Party Transactions.”
(b) Additional information regarding revenue contract liabilities is included in “Note 2. Revenue Recognition.”
(c) Additional information regarding litigation settlements is included in “Note 19. Commitments and Contingencies.”
(d) Additional information regarding derivative liabilities is included in “Note 3. Derivative Financial Instruments.”

10. SUPPLIER FINANCE PROGRAMS

The Company maintains supplier finance programs, under which we agree to pay for confirmed invoices from participating suppliers to a financing entity. Maturity dates are generally between 65-180 days and we pay either the supplier or the financing entity depending on the supplier’s election. As of September 24, 2023 and December 25, 2022, the outstanding balance of confirmed invoices was $101.2 million and $239.6 million, respectively and are included in *Accounts payable* in the Condensed Consolidated Balance Sheets.

11. INCOME TAXES

The Company recorded income tax expense of $20.5 million, a 9.8% effective tax rate, for the nine months ended September 24, 2023 compared to income tax expense of $253.7 million, a 21.9% effective tax rate, for the nine months ended September 25, 2022. The decrease in income tax expense in 2023 resulted primarily from the decrease in profit before income taxes.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carry back and carry forward periods), projected future taxable income and tax-planning strategies in making this assessment. As of September 24, 2023, the Company did not believe it had sufficient positive evidence to conclude that realization of a portion of its foreign net deferred tax assets are more likely than not to be realized.

For the nine months ended September 24, 2023 and September 25, 2022, there is a tax effect of $(4.9) million and $(4.8) million, respectively, reflected in other comprehensive income.

For the nine months ended September 24, 2023 and September 25, 2022, there are immaterial tax effects reflected in income tax expense due to excess tax windfalls and shortfalls related to stock-based compensation.

The Company and its subsidiaries file a variety of consolidated and standalone income tax returns in various jurisdictions. In the normal course of business, our income tax filings are subject to review by various taxing authorities. In general, tax returns filed by the Company and its subsidiaries for years prior to 2011 are no longer subject to examination by tax authorities.

As of July 27, 2020, JBS owned in excess of 80% of Pilgrim's. JBS has a federal tax election to file a consolidated tax return with subsidiaries in which it holds an ownership of at least 80%.

12. DEBT

Long-term debt and other borrowing arrangements, including current notes payable to banks, consisted of the following components:

	Maturity	September 24, 2023	December 25, 2022
		(In thousands)	
Senior notes payable, net of discount, at 6.25%	2033	$ 993,414	$ —
Senior notes payable at 3.50%	2032	900,000	900,000
Senior notes payable, net of discount, at 4.25%	2031	992,442	991,692
Senior notes payable, net of discount, at 5.875%	2027	847,119	846,582
U.S. Credit Facility (defined below):			
Term note payable at 6.40% - 8.50%	2026	—	480,078
Revolving note payable	2026	—	—
U.K. and Europe Revolving Facility (defined below) with notes payable at SONIA plus 1.25%	2027	—	—
Mexico BBVA Credit Facility (defined below) with notes payable at TIIE plus 1.35%	2026	—	—
Mexico Credit Facility (defined below) with notes payable at TIIE plus 1.70%	2023	—	—
Finance lease obligations	Various	2,908	3,624
Long-term debt		3,735,883	3,221,976
Less: Current maturities of long-term debt		(940)	(26,279)
Long-term debt, less current maturities		3,734,943	3,195,697
Less: Capitalized financing costs		(33,490)	(29,265)
Long-term debt, less current maturities, net of capitalized financing costs		$ 3,701,453	$ 3,166,432

U.S. Senior Notes

U.S. Senior Notes Due 2027

On September 29, 2017, the Company completed a sale of $600.0 million aggregate principal amount of its 5.875% unsecured senior notes due 2027. On March 7, 2018, the Company completed an add-on offering of $250.0 million of these senior notes (together with the senior notes issued in September 2017, the “Senior Notes due 2027”). The issuance price of this add-on offering was 97.25%, which created gross proceeds of $243.1 million. The $6.9 million discount will be amortized over the remaining life of the Senior Notes due 2027. Each issuance of the Senior Notes due 2027 is treated as a single class for all purposes under the 2017 Indenture (defined below) and have the same terms.

The Senior Notes due 2027 are governed by, and were issued pursuant to, an indenture dated as of September 29, 2017 by and among the Company, its guarantor subsidiaries and Regions Bank, as trustee (the “2017 Indenture”). The 2017 Indenture provides, among other things, that the Senior Notes due 2027 bear interest at a rate of 5.875% per annum from the date of issuance until maturity, payable semi-annually in cash in arrears, beginning on March 30, 2018 for the Senior Notes due 2027 that were issued in September 2017 and beginning on March 15, 2018 for the Senior Notes due 2027 that were issued in March 2018.

On October 12, 2023, the Company completed the purchase for cash of the Senior Notes due 2027 through a tender offer. As of October 12, 2023, $812.8 million principal amount of the Senior Notes due 2027 had been validly tendered and purchased by the Company. The remaining outstanding Senior Notes due 2027 were purchased by the Company on October 16, 2023.

U.S. Senior Notes Due 2031

On April 8, 2021, the Company completed a sale of $1.0 billion aggregate principal amount of its 4.25% sustainability-linked unsecured senior notes due 2031 (“Senior Notes due 2031”). The Company used the net proceeds, together with cash on hand, to redeem previously issued senior notes. The issuance price of this offering was 98.994%, which created gross proceeds of $989.9 million. The $10.1 million discount will be amortized over the remaining life of the Senior Notes due 2031. Each issuance of the Senior Notes due 2031 is treated as a single class for all purposes under the April 2021 Indenture (defined below) and have the same terms.

The Senior Notes due 2031 are governed by, and were issued pursuant to, an indenture dated as of April 8, 2021 by and among the Company, its guarantor subsidiaries and Regions Bank, as trustee (the “April 2021 Indenture”). The April 2021 Indenture provides, among other things, that the Senior Notes due 2031 bear interest at a rate of 4.25% per annum payable semi-annually on April 15 and October 15 of each year. From and including October 15, 2026, the interest rate payable on the notes shall be increased to 4.50% per annum unless the Company has notified the trustee at least 30 days prior to October 15, 2026 that in respect of the year ended December 31, 2025, (1) the Company’s greenhouse gas emissions intensity reduction target of 17.679% by December 31, 2025 from a 2019 baseline (the “Sustainability Performance Target”) has been satisfied and (2) the satisfaction of the Sustainability Performance Target has been confirmed by a qualified provider of third-party assurance or attestation services appointed by the Company to review the Company’s statement of the greenhouse gas emissions intensity in accordance with its customary procedures.

U.S. Senior Notes Due 2032

On September 2, 2021, the Company completed a sale of $900.0 million in aggregate principal amount of its 3.50% unsecured senior notes due 2032 (“Senior Notes due 2032”). The Company used the proceeds, together with borrowings under the delayed draw term loan under its U.S. Credit Facility, to finance the acquisition of the Kerry Consumer Foods’ meats and meals businesses (now Pilgrim’s Food Masters) and to pay related fees and expenses. Each issuance of the Senior Notes due 2032 is treated as a single class for all purposes under the September 2021 Indenture (defined below) and have the same terms.

The Senior Notes due 2032 are governed by, and were issued pursuant to, an indenture dated as of September 2, 2021 by and among the Company, its guarantor subsidiaries and Regions Bank, as trustee (the “September 2021 Indenture”). The September 2021 Indenture provides, among other things, that the Senior Notes due 2032 bear interest at a rate of 3.50% per annum payable semi-annually on March 1 and September 1 of each year.

On September 22, 2022, the Company announced expiration and receipt of requisite consents in its consent solicitation for certain amendments to its Senior Notes due 2031 and Senior Notes due 2032. The amendments conform certain provisions and restrictive covenants in each indenture to (1) reflect PPC investment grade status and (2) the corresponding provisions and restrictive covenants set forth in the indenture governing its Senior Notes due 2031 and Senior Notes due 2032. The amendments permanently eliminated certain covenants for the Company, including limitation on incurrence of additional debt, issuance of capital stock, restricted payments, asset sales, restrictions on distributions, affiliate transactions, guarantees of debt by restricted subsidiaries and provisions related to mergers and consolidation. In addition, provisions related to limitation on liens, sale and leaseback transactions, substitution of the company and measuring compliance were amended.

U.S. Senior Notes Due 2033

On April 19, 2023, the Company completed a sale of $1.0 billion aggregate principal amount of its 6.25% unsecured, registered senior notes due 2033 (“Senior Notes due 2033”). The Company used the net proceeds to repay the term loans and the outstanding balance under the U.S. Credit Facility as defined below. The remaining proceeds will be used for general corporate purposes, including repaying existing debt. The issuance price of this offering to the public was 99.312%, which created gross proceeds of $993.1 million before transaction costs. The $6.9 million discount will be amortized over the remaining life of the Senior Notes due 2033. The Senior Notes due 2033 bear interest at a rate of 6.25% per annum from the date of issuance until maturity, payable semiannually on January 1 and July 1 of each year, commencing on January 1, 2024.

The Senior Notes due 2027, Senior Notes due 2031, Senior Notes due 2032, and Senior Notes due 2033 (together, “Guaranteed Senior Notes”) were and are each guaranteed on a senior unsecured basis by the Company’s guarantor subsidiaries. On February 16, 2023, the Company exchanged all of its outstanding principal amounts on the Senior Notes due 2031 and the Senior Notes due 2032 for an equal principal amount of new notes in a transaction registered under the Securities Act. The Senior Notes due 2033 were registered under the Securities Act from the date of sale. In addition, all of the Company’s other existing or future domestic restricted subsidiaries that incur or guarantee any other indebtedness (with limited exceptions) must also guarantee the Guaranteed Senior Notes. All the Guaranteed Senior Notes related guarantees were and are unsecured senior obligations of the Company and its guarantor subsidiaries and rank equally with all of the Company’s and its guarantor subsidiaries’ other unsubordinated indebtedness. The Guaranteed Senior Notes also contain customary covenants and events of default.

U.S. Senior Notes Due 2034

On October 12, 2023, the Company completed a sale of $500.0 million aggregate principal amount of its 6.875% unsecured, registered senior notes due 2034 (“Senior Notes due 2034”). The Company used the net proceeds from the offering of the Senior Notes due 2034, together with cash on hand, to repurchase pursuant to a tender offer and redeem all of its outstanding 5.875% Senior Notes due 2027. The issuance price of this offering to the public was 98.041%, which created gross proceeds of $490.2 million before transaction costs. The $9.8 million discount will be amortized over the remaining life of the Senior Notes due 2034. The Senior Notes due 2034 bear interest at a rate of 6.875% per annum from the date of issuance until maturity, payable semiannually in arrears on May 15 and November 15 of each year, commencing on May 15, 2024.

The Senior Notes due 2034 are the Company’s senior unsecured obligations and will rank equally with all of the Company’s existing and future senior unsecured debt and rank senior to all of the Company’s existing and future subordinated debt. The Senior Notes due 2034 will be effectively junior to the Company’s existing and future secured debt to the extent of the value of the collateral securing such debt. The Senior Notes due 2034 are not guaranteed by the Company’s subsidiaries will be structurally subordinated to all existing and future liabilities (including trade payables) of the Company’s subsidiaries.

U.S. Credit Facilities

2021 U.S. Credit Facility

On August 9, 2021, the Company and certain of the Company’s subsidiaries entered into a Fifth Amended and Restated Credit Agreement (the “2021 U.S. Credit Facility”) with CoBank, ACB, as administrative agent and collateral agent, and the other lenders party thereto. The 2021 U.S. Credit Facility provides for an $800.0 million revolving credit commitment and a term loan commitment of up to $700.0 million (the “Term Loans”). The 2021 U.S. Credit Facility includes an incremental commitment and loan feature that allows the Company, subject to certain conditions, to increase the aggregate revolving loan and term loan commitments. The aggregate amount of incremental commitments and loans shall not exceed the sum of $500.0 million plus the maximum amount that would result in a senior secured leverage ratio, on a pro-forma basis, of not more than 3.00 to 1.00.

The revolving loan commitment under the 2021 U.S. Credit Facility provided that it matured on August 9, 2026. All principal on the Term Loans is due at maturity on August 9, 2026. Installments of principal in amounts predetermined by CoBank, ACB are required to be made on a quarterly basis prior to the maturity date of the Term Loans beginning in January 2022. On April 19, 2023, the outstanding balances for the swingline loans and term loans under the 2021 U.S. Credit Facility were paid in full with the proceeds from the Senior Notes 2033 as outlined above. As of September 24, 2023, the Company had outstanding letters of credit and available borrowings under the revolving credit commitment of $25.1 million and $774.9

million, respectively. There were no outstanding borrowings as of September 24, 2023. The 2021 U.S. Credit Facility was replaced by the Revolving Syndicated Facility Agreement ("RCF") on October 4, 2023 as outlined in the details below.

The 2021 U.S. Credit Facility includes an $80.0 million sub-limit for swingline loans and a $125.0 million sub-limit for letters of credit.

On June 21, 2023, PPC, CoBank and the other lenders party entered into a first amendment to the 2021 U.S. Credit Facility in connection with a benchmark transition event with respect to LIBOR. With the first amendment the parties agreed to replace LIBOR with Adjusted Term Secured Overnight Financing rate ("SOFR"), corresponding to Term SOFR plus a SOFR adjustment percentage per annum equal to 0.10%.

The 2021 U.S. Credit Facility contains customary financial and other various covenants for transactions of this type, including restrictions on the Company's ability to incur additional indebtedness, incur liens, pay dividends, make certain restricted payments, consummate certain asset sales, enter into certain transactions with the Company's affiliates, or merge, consolidate and/or sell or dispose of all or substantially all of its assets, among other things. The 2021 U.S. Credit Facility requires the Company to comply with a minimum net leverage ratio and a minimum interest coverage ratio.

All obligations under the 2021 U.S. Credit Facility continue to be secured by first priority liens on (1) all present and future personal property of the Company and certain of the Company's subsidiaries and the guarantors, including all material domestic and first-tier direct foreign subsidiaries, (2) all present and future shares of capital stock of the borrowers and guarantors and (3) substantially all of the present and future assets of the Company and the guarantors under the 2021 U.S. Credit Facility. The Company is currently in compliance with the covenants under the 2021 U.S. Credit Facility.

Revolving Syndicated Facility Agreement

On October 4, 2023 (the "Effective Date"), the Company and certain of the Company's subsidiaries entered into a Revolving Syndicated Facility Agreement (the "RCF") with CoBank, ACB as administrative agent and collateral agent, and the other lenders party thereto. The RCF replaced the 2021 U.S. Credit Facility detailed above. The RCF increased the Company's availability under the revolving loan commitment from $800.0 million to $850.0 million, amended certain covenants, and extended the maturity date of the Company's revolving loan commitments from August 9, 2026 to October 4, 2028.

Additionally, the RCF is unsecured and the assets that previously secured 2021 U.S. Credit Facility have now been (or are in the process of being) released. The RCF will be used for general corporate purposes and replaces the 2021 U.S. Credit Facility. Outstanding borrowings under the RCF bear interest at a per annum rate equal to either SOFR or the prime rate plus applicable margins based on the Company's credit ratings.

The RCF requires customary financial and other covenants for transactions of this type, including limitations on 1) liens, 2) indebtedness, 3) sales and other dispositions of assets, 4) dividends, distributions, and other payments in respect of equity interest, 5) investments, and 6) voluntary prepayments, redemptions or repurchases of junior debt. In each case, clauses 1 to 6 are subject to certain exceptions which can be material and certain of such clauses only apply to the Company upon the occurrence of certain triggering events.

U.K. and Europe Revolving Facility

On June 24, 2022, Moy Park Holdings (Europe) Ltd. ("MPH(E)") and other Pilgrim's entities located in the U.K. and Republic of Ireland entered into an unsecured multicurrency revolving facility agreement (the "U.K. and Europe Revolver Facility") with the Governor and Company of the Bank of Ireland, as agent, and the other lenders party thereto. The U.K. and Europe Revolver Facility provides for a multicurrency revolving loan commitment of up to £150.0 million. The loan commitment matures on June 24, 2027. Outstanding borrowings bear interest at the (1) current index interest rate, depending on the currency of the borrowing, plus (2) a margin, ranging from 1.25% to 2.00% based on leverage (as defined in the U.K. and Europe Revolver Facility). All obligations under this agreement are guaranteed by certain of the Company's subsidiaries. As of September 24, 2023, both the U.S. dollar-equivalent loan commitment and borrowing availability were $183.6 million and there were no outstanding borrowings under this agreement.

The U.K. and Europe Revolver Facility contains representations and warranties, covenants, indemnities and conditions, in each case, that the Company believes are customary for transactions of this type. Pursuant to the terms of the agreement, the Company is required to meet certain financial and other restrictive covenants. Additionally, the Company is prohibited from taking certain actions without consent of the lenders, including, without limitation, incurring additional indebtedness, entering into certain mergers or other business combination transactions, permitting liens or other encumbrances on its assets and making restricted payments, including dividends, in each case, except as expressly permitted under the U.K.

and Europe Revolver Facility. The Company is currently in compliance with the covenants under the U.K. and Europe Revolver Facility.

Mexico Credit Facilities

On December 14, 2018, certain of the Company’s Mexican subsidiaries entered into an unsecured credit agreement (the “Mexico Credit Facility”) with Banco del Bajio, Sociedad Anónima, Institución de Banca Múltiple, as lender. The loan commitment under the Mexico Credit Facility is Mex$1.5 billion and can be borrowed on a revolving basis. Outstanding borrowings under the Mexico Credit Facility accrue interest at a rate equal to the 28-Day Interbank Equilibrium Interest Rate (TIIE) plus 1.7%. The Mexico Credit Facility contains covenants and defaults that the Company believes are customary for transactions of this type. The Company is currently in compliance with the covenants under the Mexico Credit Facility. The Mexico Credit Facility will be used for general corporate and working capital purposes. The Mexico Credit Facility will mature on December 14, 2023. As of September 24, 2023, the U.S. dollar-equivalent of the loan commitment and borrowing availability was $87.2 million. As of September 24, 2023, there were no outstanding borrowings under the Mexico Credit Facility.

On August 15, 2023, certain of the Company’s Mexican subsidiaries entered into an unsecured credit agreement (the “Mexico BBVA Credit Facility”) with BBVA México as lender. The loan commitment under the Mexico BBVA Credit Facility is Mex$1.1 billion and can be borrowed on a revolving basis. Outstanding borrowings under the Mexico BBVA Credit Facility accrue interest at a rate equal to TIIE plus 1.35%. The Mexico BBVA Credit Facility contains covenants and defaults that the Company believes are customary for transactions of this type. The Company is currently in compliance with the covenants under the Mexico BBVA Credit Facility. The Mexico BBVA Credit Facility will be used for general corporate and working capital purposes. The Mexico BBVA Credit Facility will mature on August 15, 2026. As of September 24, 2023, the U.S. dollar-equivalent of the loan commitment and borrowing availability was Mex$64.5 million. As of September 24, 2023, there were no outstanding borrowings under the Mexico BBVA Credit Facility.

13. STOCKHOLDERS’ EQUITY

Accumulated Other Comprehensive Loss

The following tables provide information regarding the changes in accumulated other comprehensive loss:

	Nine Months Ended September 24, 2023				
	Losses Related to Foreign Currency Translation	Losses on Derivative Financial Instruments Classified as Cash Flow Hedges	Losses Related to Pension and Other Postretirement Benefits	Losses on Available-for-Sale Securities	Total
	(In thousands)				
Balance, beginning of period	$ (269,825)	$ (1,162)	$ (65,447)	$ (14)	$ (336,448)
Other comprehensive income (loss) before reclassifications	39,269	(302)	5,282	(126)	44,123
Amounts reclassified from accumulated other comprehensive loss to net income	—	(216)	541	127	452
Currency translation	—	27	(364)	—	(337)
Net current period other comprehensive income (loss)	39,269	(491)	5,459	1	44,238
Balance, end of period	$ (230,556)	$ (1,653)	$ (59,988)	$ (13)	$ (292,210)

	Nine Months Ended September 25, 2022				
	Gains (Losses) Related to Foreign Currency Translation	Losses on Derivative Financial Instruments Classified as Cash Flow Hedges	Losses Related to Pension and Other Postretirement Benefits	Losses on Available-for-Sale Securities	Total
	(In thousands)				
Balance, beginning of period	$ 27,241	$ (2,365)	$ (72,873)	$ —	$ (47,997)
Other comprehensive income (loss) before reclassifications	(572,130)	(2,317)	14,061	(21)	(560,407)
Amounts reclassified from accumulated other comprehensive loss to net income	—	2,637	698	—	3,335
Currency translation	—	75	—	—	75
Net current period other comprehensive income (loss)	(572,130)	395	14,759	(21)	(556,997)
Balance, end of period	$ (544,889)	$ (1,970)	$ (58,114)	$ (21)	$ (604,994)

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss[a] Nine Months Ended September 24, 2023	Nine Months Ended September 25, 2022	Affected Line Item in the Condensed Consolidated Statements of Income
	(In thousands)		
Realized gains (losses) on settlement of foreign currency derivatives classified as cash flow hedges	$ 440	$ (2,001)	Net sales
Realized losses on settlement of foreign currency derivatives classified as cash flow hedges	(224)	(562)	Cost of sales
Realized losses on sale of securities	(168)	—	Interest income
Realized losses on settlement of interest rate swap derivatives classified as cash flow hedges	—	(98)	Interest expense, net of capitalized interest
Amortization of pension and other postretirement plan actuarial losses[b]	(714)	(923)	Miscellaneous, net
Total before tax	(666)	(3,584)	
Tax benefit	214	249	
Total reclassification for the period	$ (452)	$ (3,335)	

(a) Positive amounts represent income to the results of operations while amounts in parentheses represent expenses to the results of operations.
(b) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See “Note 14. Pension and Other Postretirement Benefits.”

Preferred Stock

The Company has authorized 50,000,000 shares of $0.01 par value preferred stock, although no shares have been issued and no shares are outstanding.

Restrictions on Dividends

The 2021 U.S. Credit Facility, the RCF and the indentures governing the Company’s senior notes restrict, but do not prohibit, the Company from declaring dividends. Additionally, the U.K. and Europe Revolver Facility prohibits MPH(E) and other Pilgrim’s entities located in the U.K. and Republic of Ireland to, among other things, make payments and distributions to the Company.

14. PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company sponsors programs that provide retirement benefits to most of its employees. These programs include qualified defined benefit pension plans such as the Pilgrim's Pride Retirement Plan for Union Employees (the "Union Plan"), the Pilgrim's Pride Pension Plan for Legacy Gold Kist Employees (the "GK Pension Plan"), the Tulip Limited Pension Plan (the "Tulip Plan") and the Geo Adams Group Pension Fund (the "Geo Adams Plan"), nonqualified defined benefit retirement plans, a defined benefit postretirement life insurance plan and defined contribution retirement savings plan. Expenses recognized under all retirement plans totaled $8.3 million and $7.1 million in the three months ended September 24, 2023 and September 25, 2022, respectively, and $23.7 million and $23.9 million in the nine months ended September 24, 2023 and September 25, 2022, respectively.

Defined Benefit Plans Obligations and Assets

The change in benefit obligation, change in fair value of plan assets, funded status and amounts recognized in the Condensed Consolidated Balance Sheets for the defined benefit plans were as follows:

	Nine Months Ended			
	September 24, 2023		September 25, 2022	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
	(In thousands)			
Change in projected benefit obligation:				
Projected benefit obligation, beginning of period	$ 236,147	$ 1,169	$ 373,062	$ 1,346
Interest cost	7,918	36	4,885	15
Actuarial gain	(11,882)	(24)	(105,562)	(135)
Benefits paid	(11,987)	(118)	(9,305)	(105)
Curtailments and settlements	—	—	(4,436)	—
Currency translation loss (gain)	5,201	—	(22,079)	—
Projected benefit obligation, end of period	$ 225,397	$ 1,063	$ 236,565	$ 1,121

	Nine Months Ended			
	September 24, 2023		September 25, 2022	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
	(In thousands)			
Change in plan assets:				
Fair value of plan assets, beginning of period	$ 210,133	$ —	$ 326,409	$ —
Actual return on plan assets	5,048	—	(80,820)	—
Contributions by employer	6,423	118	7,679	105
Benefits paid	(11,987)	(118)	(9,305)	(105)
Curtailments and settlements	—	—	(4,436)	—
Expenses paid from assets	(200)	—	(247)	—
Currency translation gain (loss)	4,834	—	(21,136)	—
Fair value of plan assets, end of period	$ 214,251	$ —	$ 218,144	$ —

	September 24, 2023		December 25, 2022	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
	(In thousands)			
Funded status:				
Unfunded benefit obligation, end of period	$ (11,146)	$ (1,063)	$ (26,014)	$ (1,169)

	September 24, 2023		December 25, 2022	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
	(In thousands)			
Amounts recognized in the Condensed Consolidated Balance Sheets at end of period:				
Current liability	$ (794)	$ (148)	$ (841)	$ (177)
Long-term liability	(10,352)	(915)	(25,173)	(992)
Recognized liability	$ (11,146)	$ (1,063)	$ (26,014)	$ (1,169)

	September 24, 2023		December 25, 2022	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
	(In thousands)			
Amounts recognized in accumulated other comprehensive loss at end of period:				
Net actuarial loss (gain)	$ 38,190	$ (90)	$ 48,121	$ (66)

The accumulated benefit obligation for the Company's defined benefit pension plans was $225.4 million and $236.1 million at September 24, 2023 and December 25, 2022, respectively. Each of the Company's defined benefit pension plans had accumulated benefit obligations that exceeded the fair value of plan assets at both September 24, 2023 and December 25, 2022.

Net Periodic Benefit Costs

Net defined benefit pension and other postretirement costs included the following components:

	Three Months Ended				Nine Months Ended			
	September 24, 2023		September 25, 2022		September 24, 2023		September 25, 2022	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
	(In thousands)				(In thousands)			
Interest cost	$ 2,821	$ 14	$ 1,661	$ 5	$ 7,918	$ 36	$ 4,885	$ 15
Estimated return on plan assets	(2,596)	—	(2,519)	—	(7,349)	—	(7,533)	—
Settlement loss	—	—	229	—	—	—	1,396	—
Expenses paid from assets	54	—	59	—	200	—	247	—
Amortization of net loss	261	—	342	—	701	—	910	—
Amortization of past service cost	5	—	4	—	13	—	13	—
Net costs[(a)]	$ 545	$ 14	$ (224)	$ 5	$ 1,483	$ 36	$ (82)	$ 15

(a) Net costs are included in the line item *Miscellaneous, net* on the Condensed Consolidated Statements of Income.

Economic Assumptions

The weighted average assumptions used in determining pension and other postretirement plan information were as follows:

	September 24, 2023		December 25, 2022	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Assumptions used to measure benefit obligation at end of period:				
Discount rate	5.53 %	5.67 %	5.04 %	5.16 %

	Nine Months Ended			
	September 24, 2023		September 25, 2022	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Assumptions used to measure net pension and other postretirement cost:				
Discount rate	5.09 %	5.16 %	2.40 %	2.38 %
Expected return on plan assets	4.98 %	NA	3.31 %	NA

Unrecognized Benefit Amounts in Accumulated Other Comprehensive Loss

The amounts in accumulated other comprehensive loss that were not recognized as components of net periodic benefits cost and the changes in those amounts are as follows:

	Nine Months Ended			
	September 24, 2023		September 25, 2022	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
	(In thousands)			
Net actuarial loss (gain), beginning of period	$ 48,121	$ (66)	$ 58,143	$ 118
Amortization	(714)	—	(923)	—
Settlement adjustments	—	—	(1,396)	—
Actuarial gain	(11,882)	(24)	(105,562)	(135)
Asset loss	2,301	—	88,353	—
Currency translation loss (gain)	364	—	(321)	—
Net actuarial loss (gain), end of period	$ 38,190	$ (90)	$ 38,294	$ (17)

Remeasurement

The Company remeasures both plan assets and obligations on a quarterly basis.

Defined Contribution Plans

The Company sponsors two defined contribution retirement savings plans in the U.S. reportable segment for eligible U.S. and Puerto Rico employees. The Company maintains three postretirement plans for eligible employees in the Mexico reportable segment, as required by Mexico law, which primarily cover termination benefits. The Company maintains seven defined contribution retirement savings plans in the U.K. and Europe reportable segment for eligible U.K. and Europe employees, as required by U.K. and Europe law. The Company’s expenses related to its defined contribution plans totaled $7.4 million in the three months ended September 24, 2023 and $21.2 million in the nine months ended September 24, 2023.

15. FAIR VALUE MEASUREMENT

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets and liabilities measured at fair value must be categorized into one of three different levels depending on the assumptions (i.e., inputs) used in the valuation:

Level 1	Unadjusted quoted prices available in active markets for identical assets or liabilities at the measurement date;
Level 2	Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or
Level 3	Unobservable inputs, such as discounted cash flow models or valuations.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement in its entirety.

As of September 24, 2023 and December 25, 2022, the Company held derivative assets and liabilities that were required to be measured at fair value on a recurring basis. Derivative assets and liabilities consist of long and short positions on exchange-traded commodity futures instruments, commodity options instruments, sales contracts instruments, foreign currency instruments to manage translation and remeasurement risk.

The following items were measured at fair value on a recurring basis:

	September 24, 2023			December 25, 2022		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	(In thousands)					
Assets:						
Commodity derivative assets	$ 5,071	$ —	$ 5,071	$ 17,922	$ —	$ 17,922
Foreign currency derivative assets	944	—	944	555	—	555
Sales contract derivative assets	—	1,923	1,923	—	—	—
Liabilities:						
Commodity derivative liabilities	(22,874)	—	(22,874)	(9,042)	—	(9,042)
Foreign currency derivative liabilities	(1,395)	—	(1,395)	(6,170)	—	(6,170)
Sales contract derivative liabilities	—	—	—	—	(3,705)	(3,705)

See “Note 3. Derivative Financial Instruments” for additional information.

The valuation of financial assets and liabilities classified in Level 1 is based upon unadjusted quoted prices for identical assets or liabilities in active markets. The valuation of financial assets and liabilities in Level 2 is determined using a market approach based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable for substantially the full term of the financial instrument. The valuation of financial assets in Level 3 is determined using an income approach based on unobservable inputs such as discounted cash flow models or valuations. For each class of assets and liabilities not measured at fair value in the Condensed Consolidated Balance Sheets but for which fair value is disclosed, the Company is not required to provide the quantitative disclosure about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy.

In addition to the fair value disclosure requirements related to financial instruments carried at fair value, accounting standards require interim disclosures regarding the fair value of all of the Company’s financial instruments. The methods and significant assumptions used to estimate the fair value of financial instruments and any changes in methods or significant assumptions from prior periods are also required to be disclosed.

The carrying amounts and estimated fair values of our debt obligations recorded in the Condensed Consolidated Balance Sheets consisted of the following:

	September 24, 2023		December 25, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Fixed-rate senior notes payable at 3.50%, at Level 2 inputs	$ (900,000)	$ (704,241)	$ (900,000)	$ (726,498)
Fixed-rate senior notes payable at 4.25%, at Level 2 inputs	(992,442)	(849,070)	(991,691)	(734,349)
Fixed-rate senior notes payable at 5.875%, at Level 2 inputs	(847,119)	(841,594)	(846,582)	(846,175)
Fixed-rate senior notes payable at 6.25%, at Level 2 inputs	(993,414)	(961,630)	—	—
Variable-rate term note payable at 5.00%, at Level 3 inputs	—	—	(480,078)	(489,857)

See “Note 12. Debt” for additional information.

The carrying amounts of our cash and cash equivalents, restricted cash and restricted cash equivalents, accounts receivable, accounts payable and certain other liabilities approximate their fair values due to their relatively short maturities. Derivative assets were recorded at fair value based on quoted market prices and are included in the line item *Prepaid expenses and other current assets* on the Condensed Consolidated Balance Sheets. Derivative liabilities were recorded at fair value based on quoted market prices and are included in the line item *Accrued expenses and other current liabilities* on the Condensed Consolidated Balance Sheets. The fair value of the Company’s Level 2 fixed-rate debt obligations was based on the quoted market price at September 24, 2023 or December 25, 2022, as applicable.

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company records certain assets and liabilities at fair value on a nonrecurring basis. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges when required by U.S. GAAP. There were no significant fair value measurement losses recognized for such assets and liabilities in the periods reported.

16. RESTRUCTURING-RELATED ACTIVITIES

In 2022, the Company began restructuring initiatives to phase out and reduce processing volumes at multiple production facilities throughout the U.K. and Europe reportable segment. Implementation of these initiatives is expected to result in total pre-tax charges of approximately $69.7 million, and approximately $45.1 million of these charges are estimated to result in cash outlays. These activities were initiated in the fourth quarter of 2022 and were nearing completion by the end of the third quarter of 2023.

The following table provides a summary of our estimates of costs associated with these restructuring initiatives by major type of cost:

	Moy Park	Pilgrim's Pride Ltd.	Pilgrim's Food Masters	Total
	(In thousands)			
Earliest implementation date	October 2022	November 2022	December 2022	
Expected predominant completion date	June 2023	July 2023	July 2023	
Costs incurred and expected to be incurred:				
Employee-related costs	$ 10,972	$ 19,400	$ 12,633	$ 43,005
Asset impairment costs	3,236	—	4,141	7,377
Contract termination costs	248	—	24	272
Other exit and disposal costs [(a)]	6,601	6,427	5,998	19,026
Total exit and disposal costs	$ 21,057	$ 25,827	$ 22,796	$ 69,680
Cost incurred since earliest implementation date:				
Employee-related costs	$ 10,972	$ 19,400	$ 12,420	$ 42,792
Asset impairment costs	3,236	—	4,141	7,377
Contract termination costs	248	—	—	248
Other exit and disposal costs [(a)]	6,224	6,510	5,998	18,732
Total exit and disposal costs	$ 20,680	$ 25,910	$ 22,559	$ 69,149

(a) Comprised of other costs directly related to the restructuring initiatives including Moy Park flock depletion, the write-off of Pilgrim's Pride Ltd. prepaid maintenance costs and Pilgrim's Food Masters consulting fees.

During the nine months ended September 24, 2023, the Company recognized the following expenses and paid the following cash related to each restructuring initiative:

	Expenses	Cash Outlays
	(In thousands)	
Moy Park	$ 1,355	$ 6,855
Pilgrim's Pride Ltd.	15,771	19,517
Pilgrim's Food Masters	21,558	19,496
	$ 38,684	$ 45,868

These expenses are reported in the line item *Restructuring activities* on the Condensed Consolidated Statements of Income.

The following table reconciles liabilities and reserves associated with each restructuring initiative from its respective inception to September 24, 2023. Ending liability balances for employee termination benefits and other charges are reported in the line item *Accrued expenses and other current liabilities* in our Condensed Consolidated Balance Sheets. The ending reserve balance for inventory adjustments is reported in the line item *Inventories* in our Condensed Consolidated Balance Sheets. The ending reserve balance for asset impairments is reported in the line item *Property, plant and equipment, net* in our Condensed Consolidated Balance Sheets.

	Moy Park				
	Liability or reserve as of December 25, 2022	Restructuring charges incurred	Cash payments and disposals	Currency translation	Liability or reserve as of September 24, 2023
	(In thousands)				
Asset impairment	$ 2,391	$ (323)	$ (2,514)	$ 446	$ —
Inventory adjustments	1	47	(48)	—	—
Other charges	6,025	141	(2,819)	(329)	3,018
Other employee costs	—	1,364	(1,364)	—	—
Contract termination	122	126	(110)	—	138
Total	$ 8,539	$ 1,355	$ (6,855)	$ 117	$ 3,156

	Pilgrim's Pride Ltd.				
	Liability or reserve as of December 25, 2022	Restructuring charges incurred	Cash payments and disposals	Currency translation	Liability or reserve as of September 24, 2023
	(In thousands)				
Employee retention benefits	$ —	$ 1,838	$ (1,800)	$ 5	$ 43
Severance	5,503	9,355	(14,083)	158	933
Inventory adjustments	615	372	(722)	18	283
Lease termination	800	(67)	—	15	748
Other charges	501	4,273	(2,912)	(10)	1,852
Total	$ 7,419	$ 15,771	$ (19,517)	$ 186	$ 3,859

	Pilgrim's Food Masters				
	Liability or reserve as of December 25, 2022	Restructuring charges incurred	Cash payments and disposals	Currency translation	Liability or reserve as of September 24, 2023
	(In thousands)				
Severance	$ 639	$ 11,457	$ (11,975)	$ 48	$ 169
Asset impairment	—	4,141	(4,143)	2	—
Inventory adjustments	—	793	(728)	(4)	61
Lease termination	—	1,219	—	27	1,246
Other charges	—	3,948	(2,650)	(12)	1,286
Total	$ 639	$ 21,558	$ (19,496)	$ 61	$ 2,762

17. RELATED PARTY TRANSACTIONS

Pilgrim's has been and, in some cases, continues to be a party to certain transactions with affiliated companies.

	Three Months Ended		Nine Months Ended	
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
	(In thousands)			
Sales to related parties:				
JBS USA Food Company[(a)]	$ 7,191	$ 8,314	$ 23,715	$ 17,911
JBS Australia Pty. Ltd	—	935	1,691	2,331
JBS Chile Ltd.	29	245	1,156	424
Combo Mercado De Congelados, S. de RL. De CV	415	483	958	1,339
Other related parties	—	20	—	20
Total sales to related parties	$ 7,635	$ 9,997	$ 27,520	$ 22,025

	Three Months Ended		Nine Months Ended	
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
	(In thousands)			
Cost of goods purchased from related parties:				
JBS USA Food Company[(a)]	$ 59,422	$ 6,393	$ 187,836	$ 119,546
Seara Meat B.V.	5,085	14,795	14,724	27,926
Penasul UK LTD	3,102	4,091	11,392	10,514
JBS Asia Co Limited	2,338	2,448	3,977	6,370
Other related parties	324	699	2,211	1,161
Total cost of goods purchased from related parties	$ 70,271	$ 28,426	$ 220,140	$ 165,517

	Three Months Ended		Nine Months Ended	
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
	(In thousands)			
Expenditures paid by related parties:				
JBS USA Food Company[(b)]	$ 21,245	$ 19,035	$ 81,371	$ 72,974
Other related parties	—	16	15	71
Total expenditures paid by related parties	$ 21,245	$ 19,051	$ 81,386	$ 73,045

	Three Months Ended		Nine Months Ended	
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
	(In thousands)			
Expenditures paid on behalf of related parties:				
JBS USA Food Company[(b)]	$ 18,710	$ 7,553	$ 31,629	$ 46,895
Other related parties	—	—	5	—
Total expenditures paid on behalf of related parties	$ 18,710	$ 7,553	$ 31,634	$ 46,895

	September 24, 2023	December 25, 2022
	(In thousands)	
Accounts receivable from related parties:		
JBS USA Food Company[(a)]	$ 1,390	$ 2,062
JBS Chile Ltda.	36	—
Other related parties	250	450
Total accounts receivable from related parties	$ 1,676	$ 2,512

	September 24, 2023	December 25, 2022
	(In thousands)	
Accounts payable to related parties:		
JBS USA Food Company[(a)]	$ 13,500	$ 7,434
JBS Asia Co Limited	2,997	2,099
Seara Meats B.V.	1,992	—
Penasul UK LTD	1,271	940
Other related parties	524	1,682
Total accounts payable to related parties	$ 20,284	$ 12,155

(a) The Company routinely executes transactions to both purchase products from JBS USA Food Company ("JBS USA") and sell products to them. As of September 24, 2023 goods purchased and in transit from JBS USA were immaterial and not reflected on our Condensed Consolidated Balance Sheet.

(b) The Company has an agreement with JBS USA to allocate costs associated with JBS USA's procurement of SAP licenses and maintenance services for its combined companies. Under this agreement, the fees associated with procuring SAP licenses and maintenance services are allocated between the Company and JBS USA in proportion to the percentage of licenses used by each company. The agreement expires on the date of expiration, or earlier termination, of the underlying SAP license agreement. The Company also has an agreement with JBS USA to allocate the costs of supporting the business operations by one consolidated corporate team. Expenditures paid by JBS USA on behalf of the Company will be reimbursed by the Company and expenditures paid by the Company on behalf of JBS USA will be reimbursed by JBS USA. This agreement expires on December 31, 2023.

18. REPORTABLE SEGMENTS

The Company operates in three reportable segments: U.S., U.K. and Europe, and Mexico. The Company measures segment profit as operating income. Corporate expenses are allocated to the Mexico and U.K. and Europe reportable segments based upon various apportionment methods for specific expenditures incurred related thereto with the remaining amounts allocated to the U.S. reportable segment.

We conduct separate operations in the continental U.S. and in Puerto Rico. For segment reporting purposes, the Puerto Rico operations are included in the U.S. reportable segment. The chicken products processed by the U.S. reportable segment are sold to foodservice, retail and frozen entrée customers. The segment's primary distribution is through retailers, foodservice distributors and restaurants.

The U.K. and Europe reportable segment processes primarily fresh chicken, pork products, specialty meats, ready meals and other prepared foods that are sold to foodservice, retail and direct to consumer customers. The segment's primary distribution is through retailers, foodservice distributors and restaurants.

The chicken products processed by the Mexico reportable segment are sold to foodservice, retail and frozen entrée customers. The segment's primary distribution is through retailers, foodservice distributors and restaurants.

Additional information regarding reportable segments is as follows:

	Three Months Ended		Nine Months Ended	
	September 24, 2023[(a)]	September 25, 2022[(b)]	September 24, 2023[(c)]	September 25, 2022[(d)]
	(In thousands)			
Net sales				
U.S.	$ 2,488,317	$ 2,836,920	$ 7,367,093	$ 8,318,007
U.K. and Europe	1,312,205	1,203,095	3,862,219	3,640,129
Mexico	559,674	428,954	1,604,603	1,382,876
Total	$ 4,360,196	$ 4,468,969	$ 12,833,915	$ 13,341,012

(a) In addition to the above third party sales, for the three months ended September 24, 2023, the U.S. reportable segment had intercompany sales to the Mexico reportable segment of $105.9 million. These sales consisted of fresh products, prepared products and grain.

(b) In addition to the above third party sales, for the three months ended September 25, 2022, the U.S. reportable segment had intercompany sales to the Mexico reportable segment of $31.9 million. These sales consisted of fresh products, prepared products and egg sales.

(c) In addition to the above third party sales, for the nine months ended September 24, 2023, the U.S. reportable segment had intercompany sales to the Mexico reportable segment of $201.8 million. These sales consisted of fresh products, prepared products and grain.

(d) In addition to the above third party sales, for the nine months ended September 25, 2022, the U.S. reportable segment had intercompany sales to the Mexico reportable segment of $101.6 million. These sales consisted of fresh products, prepared products and egg sales.

	Three Months Ended		Nine Months Ended	
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
	(In thousands)			
Reportable segment profit:				
U.S.	$ 101,382	$ 338,548	$ 110,541	$ 1,146,821
U.K. and Europe	42,809	14,198	70,583	406
Mexico	62,182	(13,558)	157,076	106,850
Eliminations	—	14	(213)	42
Total operating income	206,373	339,202	337,987	1,254,119
Interest expense, net of capitalized interest	45,645	36,895	135,459	111,303
Interest income	(12,115)	(2,673)	(23,343)	(4,957)
Foreign currency transaction losses	8,924	54	43,462	14,348
Miscellaneous, net	(2,201)	(19,822)	(26,185)	(21,834)
Income before income taxes	166,120	324,748	208,594	1,155,259
Income tax expense	44,553	65,749	20,488	253,679
Net income	$ 121,567	$ 258,999	$ 188,106	$ 901,580

	September 24, 2023	December 25, 2022
	(In thousands)	
Total assets by reportable segment:		
U.S.	$ 7,264,545	$ 6,847,209
U.K. and Europe	4,146,472	4,033,990
Mexico	1,541,064	1,292,056
Eliminations	(3,024,265)	(2,917,486)
Total assets	$ 9,927,816	$ 9,255,769

	September 24, 2023	December 25, 2022
	(In thousands)	
Long-lived assets by reportable segment[(a)]:		
U.S.	$ 2,062,519	$ 1,943,967
U.K. and Europe	1,008,616	1,011,283
Mexico	301,753	295,069
Eliminations	(3,888)	(3,675)
Total long-lived assets	$ 3,369,000	$ 3,246,644

(a) For this disclosure, we exclude financial instruments, deferred tax assets and intangible assets in accordance with ASC 280-10-50-41, *Segment Reporting*. Long-lived assets, as used in ASC 280-10-50-41, implies hard assets that cannot be readily removed.

19. COMMITMENTS AND CONTINGENCIES

General

The Company is a party to many routine contracts in which it provides general indemnities in the normal course of business to third parties for various risks. Among other considerations, the Company has not recorded a liability for any of these indemnities because, based upon the likelihood of payment, the fair value of such indemnities would not have a material impact on its financial condition, results of operations and cash flows.

Financial Instruments

The Company's loan agreements generally obligate the Company to reimburse the applicable lender for incremental increased costs due to a change in law that imposes (1) any reserve or special deposit requirement against assets of, deposits with or credit extended by such lender related to the loan, (2) any tax, duty or other charge with respect to the loan (except standard income tax) or (3) capital adequacy requirements. In addition, some of the Company's loan agreements contain a withholding tax provision that requires the Company to pay additional amounts to the applicable lender or other financing party, generally if withholding taxes are imposed on such lender or other financing party as a result of a change in the applicable tax law. These increased cost and withholding tax provisions continue for the entire term of the applicable transaction and there is no limitation on the maximum additional amounts the Company could be obligated to pay under such provisions. Any failure to pay amounts due under such provisions generally would trigger an event of default and, in a secured financing transaction, would entitle the lender to foreclose upon the collateral to realize the amount due.

Litigation

The Company is subject to various legal proceedings and claims which arise in the ordinary course of business. In the Company's opinion, it has made appropriate and adequate accruals for claims where necessary; however, the ultimate liability for these matters is uncertain, and if significantly different than the amounts accrued, the ultimate outcome could have a material effect on the financial condition or results of operations of the Company. The Company cannot predict the outcome of the litigation matters or other actions nor when they will be resolved. The consequences of the pending litigation matters are inherently uncertain, and settlements, adverse actions, or adverse judgments in some or all of these matters, including investigations by the U.S. Department of Justice ("DOJ") or the Attorneys General, may result in monetary damages, fines, penalties, or injunctive relief against the Company, which could be material and could adversely affect its financial condition or results of operations. Any claims or litigation, even if fully indemnified or insured, could damage the Company's reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future. In addition, the U.S. government's recent focus on market dynamics in the meat processing industry could expose the Company to additional costs and risks.

Tax Claims and Proceedings

During 2014 and 2015, the Mexican Tax Administration Service ("SAT") opened a review of Avícola Pilgrim's Pride de Mexico, S.A. de C.V. ("Avícola") with regard to tax years 2009 and 2010. In both instances, the SAT claims that controlled company status did not exist for certain subsidiaries because Avícola did not own 50% of the shares in voting rights of Incubadora Hidalgo, S. de R.L de C.V. and Comercializadora de Carnes de México S. de R.L de C.V. (both in 2009) and Pilgrim's Pride, S. de R.L. de C.V. (in 2010). As a result, according to the SAT, Avícola should have considered dividends paid out of these subsidiaries partially taxable since a portion of the dividend amount was not paid from the net tax profit account (CUFIN). Avícola appealed the opinion, and on January 31, 2023, the appeal as to tax year 2009 was dismissed by the Mexico Supreme Court. Accordingly, the Company paid $25.9 million for tax year 2009. The opinion for tax year 2010 is still under appeal. Avícola has recorded a tax reserve of $17.0 million in connection therewith.

On May 12, 2022, the Mexican Tax Authorities issued tax assessments against Pilgrim's Pride, S. de R.L. de C.V. and Provemex Holdings, LLC in connection with PPC's acquisition of Tyson de México. Following the acquisition, PPC re-domiciled Provemex Holdings, LLC from the U.S. to Mexico. The tax authorities claim that Provemex Holdings, LLC was a Mexican entity at the time of the acquisition and, as a result, was obligated to pay taxes on the sale. The Mexican subsidiaries of PPC filed a petition to nullify these assessments, and on June 7, 2023, the tax court granted the petition. The Mexican Tax Authorities have appealed that decision. Amounts under appeal are approximately $287.1 million for each of the two tax assessments. No loss has been recorded for these amounts at this time.

U.S. Litigation

Between September 2, 2016 and October 13, 2016, a series of federal class action lawsuits were filed with the U.S. District Court for the Northern District of Illinois ("Illinois Court") against PPC and other defendants by and on behalf of direct and indirect purchasers of broiler chickens alleging violations of antitrust and unfair competition laws and styled as In re Broiler Chicken Antitrust Litigation, Case No. 1:16-cv-08637 ("Broiler Antitrust Litigation"). The complaints seek, among other relief, treble damages for an alleged conspiracy among defendants to reduce output and increase prices of broiler chickens from the period of January 2008 to the present. The class plaintiffs have filed three consolidated amended complaints: the direct purchasers ("Broiler DPPs"), the commercial and institutional indirect purchasers ("Broiler CIIPPs"), and the end-user consumer indirect purchasers ("Broiler EUCPs"). Between December 8, 2017 and September 1, 2021, 82 individual direct action complaints were filed with the Illinois Court by individual direct purchaser entities ("Broiler DAPs") naming PPC as a defendant, the allegations of which largely mirror those in the class action complaints, though some added allegations of price fixing and bid rigging on certain sales. On May 27, 2022, the Illinois Court certified each of the three classes. On June 30, 2023, the Illinois Court issued its summary judgment order that dismissed certain claims against PPC but denied dismissal as to the supply reduction claims from 2008-2012. PPC has entered into agreements to settle all claims made by the Broiler DPPs, Broiler CIIPPs, and Broiler EUCPs, for an aggregate total of $195.5 million, each of which has received final approval from the Illinois Court. PPC continues to defend itself against the Broiler DAPs as well as parties that have opted out of the class settlements (collectively, the “Broiler Opt Outs”). PPC will seek reasonable settlements where they are available. To date, PPC has recognized an expense of $537.4 million to cover settlements with various Broiler Opt Outs. For the nine months ending September 24, 2023, $23.0 million has been recognized by PPC in *Selling, general and administrative expense* (“SG&A expense”) in the Consolidated Statements of Income. The Illinois Court issued a revised scheduling order for certain plaintiffs who limited their claims to reduction of output, and the first trial began on September 12, 2023. PPC has settled with all plaintiffs in the first trial. A second trial is set for March 4, 2024 with the Broiler CIIPPs, who PPC has settled with. Trials with the Broiler EUCPs and other Broiler DAPs are not yet scheduled.

Between August 30, 2019 and October 16, 2019, a series of purported class action lawsuits were filed in the U.S. District Court for the District of Maryland (“Maryland Court”) against PPC and a number of other chicken producers, as well as Webber, Meng, Sahl & Company and Agri Stats, styled as *Jien, et al. v. Perdue Farms, Inc., et al.*, No.19-cv-02521. The plaintiffs are a putative class of poultry processing plant production and maintenance workers (“Poultry Workers Class”) and allege that the defendants conspired to fix and depress the compensation paid to Poultry Workers Class in violation of the Sherman Antitrust Act. Defendants moved to dismiss on December 18, 2020, which the Maryland Court denied on March 10, 2021. On June 14, 2021, PPC entered into an agreement to settle all claims made by the Poultry Workers Class for $29.0 million, though the agreement is still subject to final approval by the Maryland Court. On February 16, 2022, the plaintiffs filed an amended complaint, which extended the relevant period, added defendants, and included additional workers in the class. PPC recognizes these settlement expenses within SG&A expense in the Consolidated Statements of Income.

On January 27, 2017, a purported class action on behalf of broiler chicken farmers was brought against PPC and other chicken producers in the U.S. District Court for the Eastern District of Oklahoma (the “Oklahoma Court”) alleging, among other things, a conspiracy to reduce competition for grower services and depress the price paid to growers. The complaint was consolidated with several subsequently filed consolidated amended class action complaints and styled as *In re Broiler Chicken Grower Litigation*, Case No. CIV-17-033. The defendants (including PPC) jointly moved to dismiss the consolidated amended complaint, which the Oklahoma Court denied as to PPC and certain other defendants. PPC, therefore, continues to litigate against the putative class plaintiffs.

On October 20, 2016, Patrick Hogan, acting on behalf of himself and a putative class of certain PPC stockholders, filed a class action complaint in the U.S. District Court for the District of Colorado (“Colorado Court”) against PPC and its named executive officers styled as *Hogan v. Pilgrim’s Pride Corporation, et al.*, No. 16-CV-02611 (“Hogan Litigation”). The complaint alleges, among other things, that PPC’s SEC filings contained statements that were rendered materially false and misleading by PPC’s failure to disclose that (1) PPC colluded with several of its industry peers to fix prices in the broiler chicken market as alleged in the Broilers Litigation, (2) its conduct constituted a violation of federal antitrust laws, and (3) PPC’s revenues during the class period were the result of illegal conduct. On July 31, 2020, defendants filed a motion to dismiss, which the Colorado Court granted on procedural grounds on April 19, 2021. On May 17, 2021, the plaintiff filed a motion for amended judgment, which the Colorado Court denied on November 29, 2021. The plaintiff then filed a notice of appeal on December 28, 2021, and the appeal was opened in the U.S. Court of Appeals for the Tenth Circuit. On July 13, 2023, the Tenth Circuit reversed the Colorado Court decision and remanded to consider the complaint on the merits. PPC has filed a renewed motion to dismiss the complaint in the Colorado Court that is currently being briefed.

U.S. State Matters

From February 21, 2017 through May 4, 2021, the Attorneys General for multiple U.S. states have issued civil investigative demands (“CIDs”). The CIDs request, among other things, data and information related to the acquisition and processing of broiler chickens and the sale of chicken products. PPC is cooperating with the Attorneys General in these states in producing documents pursuant to the CIDs.

On September 1, 2020, February 22, 2021, and October 28, 2021, the Attorneys General in New Mexico (*State of New Mexico v. Koch Foods, et al.*, D-101-CV-2020-01891), Alaska (*State of Alaska v. Agri Stats, Inc., et al.*, 3AN-21-04632), and Washington (*State of Washington v. Tyson Foods Inc., et al.*, 21-2-14174-5), respectively, filed complaints against PPC and others based on allegations similar to those asserted in the Broiler Antitrust Litigation. PPC has answered all of the complaints and each case is now in discovery. On March 9, 2023, PPC entered into an agreement to settle all claims made by the State of Washington for $11.0 million. The State of Washington claim was paid in the second quarter of 2023. PPC will seek reasonable settlements where they are available. For the nine months ending September 24, 2023, $0.7 million has been recognized by PPC in SG&A expense in the Consolidated Statement of Income to cover settlements with other Attorneys General.

U.S. Federal Matters

On February 9, 2022, the Company learned that the DOJ opened a civil investigation into human resources antitrust matters, and on October 6, 2022, the Company learned that the DOJ opened a civil investigation into grower contracts and payment practices and on October 2, 2023, received a CID requesting information from the Company. The Company is cooperating with the DOJ in its investigations and CID. The DOJ has informed the Company that it is likely to file a civil complaint pursuant to at least one of these investigations.

20. BUSINESS INTERRUPTION INSURANCE

The Company experienced business interruptions from the COVID-19 pandemic and a tornado on December 10, 2021 in Mayfield, Kentucky that significantly damaged two hatcheries and a feed mill. The Company maintains certain insurance coverage, including business interruption insurance, intended to cover such circumstances. In the three and nine months ended September 24, 2023, the Company received $6.7 million and $60.4 million in proceeds from business interruption insurance, respectively. In the nine months ended September 24, 2023, the Company recognized $35.9 million in income from business interruption insurance in *Cost of sales* on the Condensed Consolidated Statement of Income, with $25.3 million in the U.S. reportable segment and $10.6 million in the U.K. and Europe reportable segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Summary

Overview

We reported net income attributable to Pilgrim's of $186.9 million, or $0.79 per diluted common share, and income before tax totaling $208.6 million, for the nine months ended September 24, 2023. These operating results included net sales of $12.8 billion, gross profit of $797.4 million and $399.6 million of cash provided by operating activities. We generated a consolidated operating margin of 2.6%. For the nine months ended September 24, 2023, we generated EBITDA and Adjusted EBITDA of $628.1 million and $724.7 million, respectively. A reconciliation of net income to EBITDA and Adjusted EBITDA is included below.

Global Economic Conditions

During the third quarter of 2023, we continued to experience challenges from inflation in commodity, labor and other operating costs across all our businesses. The global feed ingredient and energy markets continue to be impacted by the Russia-Ukraine war, driving up prices as supply out of the Black Sea region is disrupted and future production is at risk. Despite inflationary headwinds and subdued consumer demand throughout the U.K. and E.U., we have and will continue to invest in our people, implement supply chain solutions, and conduct customer negotiations for cost recovery. Mexico remains a volatile market given inflationary pressures, an evolving global protein industry, and overall business seasonality.

Russia-Ukraine War Impacts

The Russia-Ukraine war began in February 2022. The impact of the ongoing war and sanctions has not been limited to businesses that operate in Russia and Ukraine and has negatively impacted and will likely continue to negatively impact other global economic markets including where we operate. The impacts have included and may continue to include, but are not limited to, higher prices for commodities, such as food products, ingredients and energy products, increasing inflation in some countries, and disrupted trade and supply chains. The conflict has disrupted shipments of grains, vegetable oils, fertilizer and energy products. Russia's recent suspension of the Black Sea Grain Initiative, which allowed Ukraine to export grain and other food items, will likely further exacerbate rising food prices and supply chain issues if not reinstated.

The impact on the agriculture markets falls into two main categories: (1) the effect on Ukrainian crop production, as the region is key in global grain production; and (2) the duration of the disruption in trade flows. Safety and financing concerns in the region are restricting export execution, which is in turn forcing grain and oil demand to find alternative supply. The duration of the war and related volatility makes global markets extremely sensitive to growing-season weather in other global grain producing regions and has led to a large risk premium in futures prices. The continued volatility in the global markets as a result of the war has adversely impacted our costs by driving up prices, raising inflation and increasing pressure on the supply of feed ingredients and energy products throughout the global markets. In the third quarter of 2023, Ukraine grain export volumes continued to recover, but still remain below pre-war volumes. Their supply constraints did not have a material impact on our costs during the third quarter. However, if the Black Sea Grain Initiative remains suspended, supply constraints may worsen materially.

In addition, the U.S. government and other governments in jurisdictions in which we operate have imposed sanctions and export controls against Russia, Belarus and interests therein and threatened additional sanctions and controls. The impact of these measures, now and in the future, could adversely affect our business, supply chain or customers.

Raw Materials and Pricing

Our U.S. and Mexico segments use corn and soybean meal as the main ingredients for feed production, while our U.K. and Europe segment uses wheat, soybean meal and barley as the main ingredients for feed production.

U.S. commodity market prices for chicken products during the third quarter of 2023 fluctuated as normal seasonal movements during July were followed by counter-seasonal improvements in August, before ending the quarter trending downwards as pricing reverted to historically average terms. Per the October 2023 U.S. Department of Agriculture (or "USDA") reports on world agriculture supply and demand estimates (or "WASDE") and poultry slaughter (or "Poultry Slaughter"), estimated industry ready-to-cook production decreased by 1.9% from the prior year levels. The decrease in ready-to-cook production is due to reduced chicken headcounts.

During the third quarter of 2023, the U.S. chicken market experienced volume demand growth. Retail volumes grew due to contributions from fresh, frozen, and deli. Foodservice distribution volume demand increased, but at relatively lower prices than prior year. Export volume in shipments also increased during the first two months of the third quarter of 2023. Chicken cold storage inventories decreased seasonally from the end of June to the end of September and remain below the five-year historical average. Meanwhile, estimated domestic availability of competing proteins tightened relative to the third quarter of 2022 due to contractions within beef and pork production.

U.S. chicken market prices began the quarter trending below the five-year historical average during the third quarter of 2023, but as production declined and volume demand improved, cold storage inventory positions declined, reflecting a tighter chicken supply, causing a slight improvement in market prices for chicken products before the end of the third quarter of 2023.

During the third quarter of 2023, the U.K. chicken market saw an increase in labor costs due to the national living wages change in April 2023. Through our current customer models and additional negotiations we have offset the majority of these cost increases. Our utilities and feed ingredient costs continued to decrease in the third quarter of 2023 from the beginning of the year. We continue to focus on managing costs, including labor and yield efficiencies, agricultural performance and increasing operational efficiency through investments in capital projects.

Commodity prices for chicken in Mexico were above prior year prices throughout the quarter, but steadily declining and ended the quarter below prior year levels.

Prices for the remainder of the year will depend on (1) the evolution of foodservice, retail and export meat demand and (2) factors such as government regulation, the ongoing Russia-Ukraine war, feed production input costs, further spread of avian influenza both domestically and abroad, uncertainty surrounding the general economy and overall protein supply.

U.K. market prices for pork products have continued to recover during the third quarter of 2023, with growth during the quarter continuing the upward trend from 2022, reflecting pig shortages from a 20% reduction of the English sow herd during 2022. This was underpinned by growth throughout the year of pig prices in the U.K. market, which also had a reduction in supply. U.K. pig prices have remained high during the third quarter, whereas E.U. pig prices decreased during the quarter and are now 6% below U.K. pig prices. Due to increased market pricing and stabilization of feed prices, U.K. pig farming became profitable in the second quarter of 2023 and remains profitable in the third quarter of 2023.

U.K. prices for prepared foods have remained at elevated levels from inflationary pressure, primarily from increased pork prices. We continue to focus on partnering with our Key Customers and increasing operational efficiency.

Reportable Segments

We operate in three reportable segments: U.S., U.K. and Europe, and Mexico. We measure segment profit as operating income. Certain corporate expenses are allocated to the Mexico and U.K. and Europe reportable segments based upon various apportionment methods for specific expenditures incurred related thereto with the remaining amounts allocated to the U.S. For additional information, see “Note 18. Reportable Segments” of our Condensed Consolidated Financial Statements included in this quarterly report.

Results of Operations

Three Months Ended September 24, 2023 Compared to the Three Months Ended September 25, 2022

Net sales. Net sales generated in the three months ended September 24, 2023 decreased $108.8 million, or 2.4%, from net sales generated in the three months ended September 25, 2022. The following table provides net sales information:

Sources of net sales	Three Months Ended September 24, 2023	Change from Three Months Ended September 25, 2022 Amount	Percent
	(In thousands, except percent data)		
U.S.	$ 2,488,317	$ (348,603)	(12.3)%
U.K. and Europe	1,312,205	109,110	9.1 %
Mexico	559,674	130,720	30.5 %
Total net sales	$ 4,360,196	$ (108,773)	(2.4)%

U.S. Reportable Segment. U.S. net sales generated in the three months ended September 24, 2023 decreased $348.6 million, or 12.3%, from U.S. net sales generated in the three months ended September 25, 2022 primarily due to a decrease in net sales per pound of $417.8 million, or 14.7 percentage points. The decrease in net sales per pound was partially offset by an increase in sales volume of $69.2 million, or 2.4 percentage points. The decrease in net sales per pound was driven primarily by market pricing that was below prior year levels.

U.K. and Europe Reportable Segment. U.K. and Europe net sales generated in the three months ended September 24, 2023 increased $109.1 million, or 9.1%, from U.K. and Europe net sales generated in the three months ended September 25, 2022 primarily due to a favorable impact of foreign currency translation of $88.6 million, or 7.4 percentage points, and an increase in net sales per pound of $33.9 million, or 2.8 percentage points, partially offset by a decrease in sales volume of $13.4 million, or 1.1 percentage points. The increase in net sales per pound was driven by price increases necessary to recover increased feed ingredients, labor, utilities and other operating costs.

Mexico Reportable Segment. Mexico net sales generated in the three months ended September 24, 2023 increased $130.7 million, or 30.5%, from Mexico net sales generated in the three months ended September 25, 2022 primarily due to an increase from the impact of foreign currency remeasurement of $88.1 million, or 20.6 percentage points, and an increase in sales volume of $46.1 million, or 10.7 percentage points, partially offset by a decrease in net sales per pound of $3.5 million, or 0.8 percentage points. The increase in sales volume was due to a shift in product mix related to market demands and recovery from challenges in bird disease in 2022. The decrease in net sales per pound resulted from a decrease in commodity prices.

Gross profit and cost of sales. Gross profit decreased by $151.4 million, or 30.4%, from $497.3 million generated in the three months ended September 25, 2022 to $345.9 million generated in the three months ended September 24, 2023. The following tables provide information regarding gross profit and cost of sales information:

		Change from Three Months Ended September 25, 2022		Percent of Net Sales Three Months Ended	
Components of gross profit	**Three Months Ended September 24, 2023**	**Amount**	**Percent**	**September 24, 2023**	**September 25, 2022**
		(In thousands, except percent data)			
Net sales	$ 4,360,196	$ (108,773)	(2.4)%	100.0 %	100.0 %
Cost of sales	4,014,314	42,615	1.1 %	92.1 %	88.9 %
Gross profit	$ 345,882	$ (151,388)	(30.4)%	7.9 %	11.1 %

		Change from Three Months Ended September 25, 2022	
Sources of gross profit	**Three Months Ended September 24, 2023**	**Amount**	**Percent**
	(In thousands, except percent data)		
U.S.	$ 170,656	$ (274,652)	(61.7)%
U.K. and Europe	95,947	43,478	82.9 %
Mexico	79,279	79,800	NM[(1)]
Elimination	—	(14)	(100.0)%
Total gross profit	$ 345,882	$ (151,388)	(30.4)%

(1) This Y/Y change is designated not meaningful (or “NM”).

		Change from Three Months Ended September 25, 2022	
Sources of cost of sales	**Three Months Ended September 24, 2023**	**Amount**	**Percent**
	(In thousands, except percent data)		
U.S.	$ 2,317,661	$ (73,951)	(3.1)%
U.K. and Europe	1,216,258	65,632	5.7 %
Mexico	480,395	50,920	11.9 %
Elimination	—	14	(100.0)%
Total cost of sales	$ 4,014,314	$ 42,615	1.1 %

U.S. Reportable Segment. Cost of sales incurred by our U.S. operations during the three months ended September 24, 2023 decreased $74.0 million, or 3.1%, from cost of sales incurred by our U.S. segment during the three months ended September 25, 2022. The decrease in cost of sales was primarily driven by a decrease in cost per pound sold of $132.4 million, or 5.5 percentage points, partially offset by an increase in sales volume of $58.4 million, or 2.4 percentage points. The decrease in cost per pound sold was driven by a decrease in live operations costs of $97.3 million, which resulted primarily from decreased feed ingredient costs. Prices for both corn and soy, our main ingredients in feed, were down versus prior year.

U.K. and Europe Reportable Segment. Cost of sales incurred by our U.K. and Europe operations during the three months ended September 24, 2023 increased $65.6 million, or 5.7%, from cost of sales incurred by our U.K. and Europe segment during the three months ended September 25, 2022. The increase in cost of sales was primarily driven by the unfavorable impact of foreign currency translation of $82.1 million, or 7.2 percentage points, partially offset by the impact of decreased sales volume of $11.6 million, or 1.1 percentage points, and a decrease in cost per pound sold of $4.9 million, or 0.4 percentage points.

Mexico Reportable Segment. Cost of sales incurred by our Mexico operations during the three months ended September 24, 2023 increased $50.9 million, or 11.9%, from cost of sales incurred by our Mexico segment during the three months ended September 25, 2022. This increase was driven by an unfavorable impact of foreign currency remeasurement and an increase in volume of $75.7 million, or 17.7 percentage points, and $46.1 million, or 10.7 percentage points, respectively. These increases in cost of sales were partially offset by a decrease in cost per pound sold of $70.9 million, or 16.5 percentage points. The increase in sales volume was due to a shift in product mix related to market demands. The decrease in cost per pound sold resulted from a decrease in commodity prices, hatchery egg costs, and the prior year recognition of additional costs related to bird diseases losses.

Operating income and SG&A expense. Operating income decreased by $132.8 million, or 39.2%, from income of $339.2 million generated in the three months ended September 25, 2022 to income of $206.4 million generated in the three months ended September 24, 2023. The following tables provide information regarding operating income and selling, general and administrative ("SG&A") expense:

		Change from Three Months Ended September 25, 2022		Percent of Net Sales Three Months Ended	
Components of operating income	**Three Months Ended September 24, 2023**	**Amount**	**Percent**	**September 24, 2023**	**September 25, 2022**
		(In thousands, except percent data)			
Gross profit	$ 345,882	$ (151,388)	(30.4)%	7.9 %	11.1 %
SG&A expense	138,569	(19,499)	(12.3)%	3.2 %	3.5 %
Restructuring activities	940	940	NA	— %	NA
Operating income	$ 206,373	$ (132,829)	(39.2)%	4.7 %	7.6 %

Sources of operating income	**Three Months Ended September 24, 2023**	**Change from Three Months Ended September 25, 2022** **Amount**	**Percent**
	(In thousands, except percent data)		
U.S.	$ 101,382	$ (237,166)	(70.1)%
U.K. and Europe	42,809	28,611	201.5 %
Mexico	62,182	75,740	(558.6)%
Eliminations	—	(14)	(100.0)%
Total operating income	$ 206,373	$ (132,829)	(39.2)%

Sources of SG&A expense	**Three Months Ended September 24, 2023**	**Change from Three Months Ended September 25, 2022** **Amount**	**Percent**
	(In thousands, except percent data)		
U.S.	$ 69,274	$ (37,486)	(35.1)%
U.K. and Europe	52,198	13,927	36.4 %
Mexico	17,097	4,060	31.1 %
Total SG&A expense	$ 138,569	$ (19,499)	(12.3)%

U.S. Reportable Segment. SG&A expense incurred by our U.S. reportable segment during the three months ended September 24, 2023 decreased $37.5 million, or 35.1%, from SG&A expense incurred by our U.S. reportable segment during the three months ended September 25, 2022. The decrease in SG&A expense resulted primarily from lower legal defense costs, lower incentive compensation expense, and a net decrease in one-time legal settlements recognized in the current year versus the prior year. Other factors affecting U.S. SG&A expense were individually immaterial.

U.K. and Europe Reportable Segment. SG&A expense incurred by our U.K. and Europe reportable segment during the three months ended September 24, 2023 increased $13.9 million, or 36.4%, from SG&A expense incurred by our U.K. and Europe segment during the three months ended September 25, 2022. The increase in SG&A expense was the result of a one-time research and development tax credit recognized in the prior year, increase in payroll and benefit costs, and the unfavorable impact of foreign currency translation. Other factors affecting U.K. and Europe SG&A expense were individually immaterial.

Mexico Reportable Segment. SG&A expense incurred by our Mexico reportable segment during the three months ended September 24, 2023 increased approximately $4.1 million, or 31.1%, from SG&A expense incurred by our Mexico segment during the three months ended September 25, 2022. The primary driver of the increase in SG&A expense was increased payroll costs, fees and licenses, and the unfavorable impact of foreign currency remeasurement. Other factors affecting Mexico SG&A expense were individually immaterial.

Restructuring activities. Losses on restructuring activities of $0.9 million were recognized in the three months ended September 24, 2023. These losses were incurred by our U.K. and Europe reportable segment as a result of the implementation of multiple restructuring initiatives which began in the fourth quarter of 2022.

Net interest expense. Net interest expense decreased to $33.5 million recognized in the three months ended September 24, 2023 from $34.2 million recognized in the three months ended September 25, 2022. The decrease in net interest expense resulted primarily from an increase in interest income earned from investments in available-for-sale securities, partially offset by an increase in interest expense due to increased borrowings and increased rates of interest. Average borrowings increased by $0.4 billion from $3.4 billion during the three months ended September 25, 2022 to $3.8 billion during the three months ended September 24, 2023 and the weighted average rate of interest increased by 0.8 percentage points. As a percent of net sales, net interest expense in the three months ended September 24, 2023 and September 25, 2022 was 0.8%.

Income taxes. Income tax expense decreased to $44.6 million, a 26.8% effective tax rate, for the three months ended September 24, 2023 compared to an income tax expense of $65.7 million, a 20.2% effective tax rate, for the three months ended September 25, 2022. The decrease in income tax expense in 2023 resulted primarily from the decrease of profit before income taxes.

Nine Months Ended September 24, 2023 Compared to the Nine Months Ended September 25, 2022

Net sales. Net sales generated in the nine months ended September 24, 2023 decreased $507.1 million, or 3.8%, from net sales generated in the nine months ended September 25, 2022. The following table provides net sales information:

Sources of net sales	Nine Months Ended September 24, 2023	Change from Nine Months Ended September 25, 2022	
		Amount	Percent
	(In thousands, except percent data)		
U.S.	$ 7,367,093	$ (950,914)	(11.4)%
U.K. and Europe	3,862,219	222,090	6.1 %
Mexico	1,604,603	221,727	16.0 %
Total net sales	$ 12,833,915	$ (507,097)	(3.8)%

U.S. Reportable Segment. U.S. net sales generated in the nine months ended September 24, 2023 decreased $950.9 million, or 11.4%, from U.S. net sales generated in the nine months ended September 25, 2022 primarily due to a decrease in net sales per pound of $1.1 billion, or 12.8 percentage points. The decrease in net sales per pound was partially offset by an increase in sales volume of $114.2 million, or 1.4 percentage points. The decrease in net sales per pound was driven primarily by market pricing that was below prior year levels.

U.K. and Europe Reportable Segment. U.K. and Europe net sales generated in the nine months ended September 24, 2023 increased $222.1 million, or 6.1%, from U.K. and Europe net sales generated in the nine months ended September 25, 2022 primarily due to an increase in net sales per pound of $411.7 million, or 11.3 percentage points, partially offset by a decrease in sales volume of $140.2 million, or 3.9 percentage points, and the impact of foreign currency translation of $49.4 million, or 1.3 percentage points. The increase in net sales per pound was driven by price increases necessary to recover increased feed ingredients, labor, utilities and other operating costs.

Mexico Reportable Segment. Mexico net sales generated in the nine months ended September 24, 2023 increased $221.7 million, or 16.0%, from Mexico net sales generated in the nine months ended September 25, 2022 primarily due to an increase from the impact of foreign currency remeasurement of $191.0 million, or 13.8 percentage points, and an increase in sales volume of $35.7 million, or 2.6 percentage points, partially offset by a decrease in net sales per pound of $5.0 million, or 0.4 percentage points. The increase in sales volume was due to a shift in product mix related to market demands.

Gross profit and cost of sales. Gross profit decreased by $918.7 million, or 53.5%, from $1.7 billion generated in the nine months ended September 25, 2022 to $797.4 million generated in the nine months ended September 24, 2023. The following tables provide information regarding gross profit and cost of sales information:

		Change from Nine Months Ended September 25, 2022		Percent of Net Sales Nine Months Ended	
Components of gross profit	**Nine Months Ended September 24, 2023**	**Amount**	**Percent**	**September 24, 2023**	**September 25, 2022**
		(In thousands, except percent data)			
Net sales	$ 12,833,915	$ (507,097)	(3.8)%	100.0 %	100.0 %
Cost of sales	12,036,561	411,570	3.5 %	93.8 %	87.1 %
Gross profit	$ 797,354	$ (918,667)	(53.5)%	6.2 %	12.9 %

		Change from Nine Months Ended September 25, 2022	
Sources of gross profit	**Nine Months Ended September 24, 2023**	**Amount**	**Percent**
	(In thousands, except percent data)		
U.S.	$ 323,090	$ (1,088,858)	(77.1)%
U.K. and Europe	267,168	106,665	66.5 %
Mexico	207,309	63,781	44.4 %
Elimination	(213)	(255)	(607.1)%
Total gross profit	$ 797,354	$ (918,667)	(53.5)%

		Change from Nine Months Ended September 25, 2022	
Sources of cost of sales	**Nine Months Ended September 24, 2023**	**Amount**	**Percent**
	(In thousands, except percent data)		
U.S.	$ 7,044,003	$ 137,944	2.0 %
U.K. and Europe	3,595,051	115,425	3.3 %
Mexico	1,397,294	157,946	12.7 %
Elimination	213	255	607.1 %
Total cost of sales	$ 12,036,561	$ 411,570	3.5 %

U.S. Reportable Segment. Cost of sales incurred by our U.S. operations during the nine months ended September 24, 2023 increased $137.9 million, or 2.0%, from cost of sales incurred by our U.S. segment during the nine months ended September 25, 2022. The increase in cost of sales was primarily driven by an increase in sales volume of $94.8 million, or 1.4 percentage points, and an increase in cost per pound sold of $43.1 million, or 0.6 percentage points. The increase in cost per pound sold was primarily from an increase in live operations costs. The increase in live operations costs was from increased chick costs and grower costs.

U.K. and Europe Reportable Segment. Cost of sales incurred by our U.K. and Europe operations during the nine months ended September 24, 2023 increased $115.4 million, or 3.3%, from cost of sales incurred by our U.K. and Europe segment during the nine months ended September 25, 2022. The increase in cost of sales was primarily driven by an increase in cost per pound sold of $292.4 million, or 8.5 percentage points, partially offset by decreased sales volume of $131.1 million, or 3.9 percentage points, and the impact of foreign currency translation of $45.9 million, or 1.3 percentage points. The increase in cost per pound sold was driven by inflation in feed ingredients, labor, utilities and other operating costs.

Mexico Reportable Segment. Cost of sales incurred by our Mexico operations during the nine months ended September 24, 2023 increased $157.9 million, or 12.7%, from cost of sales incurred by our Mexico segment during the nine months ended September 25, 2022. This increase was driven by the unfavorable impact of foreign currency remeasurement and increased sales volume of $166.4 million, or 13.4 percentage points, and $32.0 million, or 2.6 percentage points, respectively. These increases in cost of sales were partially offset by a decrease in cost per pound sold of $40.5 million, or 3.3 percentage points. The decrease in cost per pound sold was driven by reduced input costs, such as feed ingredients, and the prior year incurrence of increased costs related to the impacts of bird disease. The increase in sales volume was due to a shift in product mix related to market demands.

Operating income and SG&A expense. Operating income decreased by $916.1 million, or 73.0%, from income of $1,254.1 million generated in the nine months ended September 25, 2022 to income of $338.0 million generated in the nine months ended September 24, 2023. The following tables provide information regarding operating income and selling, general and administrative ("SG&A") expense:

		Change from Nine Months Ended September 25, 2022		Percent of Net Sales Nine Months Ended	
Components of operating income	**Nine Months Ended September 24, 2023**	**Amount**	**Percent**	**September 24, 2023**	**September 25, 2022**
	(In thousands, except percent data)				
Gross profit	$ 797,354	$ (918,667)	(53.5)%	6.2 %	12.9 %
SG&A expense	420,683	(41,219)	(8.9)%	3.3 %	3.5 %
Restructuring activities	38,684	38,684	NA	0.3 %	NA
Operating income	$ 337,987	$ (916,132)	(73.0)%	2.6 %	9.4 %

		Change from Nine Months Ended September 25, 2022	
Sources of operating income	**Nine Months Ended September 24, 2023**	**Amount**	**Percent**
	(In thousands, except percent data)		
U.S.	$ 110,541	$ (1,036,280)	(90.4)%
U.K. and Europe	70,583	70,177	NM(1)
Mexico	157,076	50,226	47.0 %
Eliminations	(213)	(255)	(607.1)%
Total operating income	$ 337,987	$ (916,132)	(73.0)%

		Change from Nine Months Ended September 25, 2022	
Sources of SG&A expense	**Nine Months Ended September 24, 2023**	**Amount**	**Percent**
	(In thousands, except percent data)		
U.S.	$ 212,549	$ (52,578)	(19.8)%
U.K. and Europe	157,901	(2,196)	(1.4)%
Mexico	50,233	13,555	37.0 %
Total SG&A expense	$ 420,683	$ (41,219)	(8.9)%

(1) This Y/Y change is designated not meaningful (or "NM").

U.S. Reportable Segment. SG&A expense incurred by our U.S. reportable segment during the nine months ended September 24, 2023 decreased $52.6 million, or 19.8%, from SG&A expense incurred by our U.S. reportable segment during the nine months ended September 25, 2022. The decrease in SG&A expense resulted primarily from a decrease in recognition of legal defense costs and a decrease in incentive compensation expense, partially offset by a net increase in one-time legal settlements. Other factors affecting U.S. SG&A expense were individually immaterial.

U.K. and Europe Reportable Segment. SG&A expense incurred by our U.K. and Europe reportable segment during the nine months ended September 24, 2023 decreased $2.2 million, or 1.4%, from SG&A expense incurred by our U.K. and Europe segment during the nine months ended September 25, 2022. The decrease in SG&A expense was a result of targeted cost savings in general and administrative spend. Other factors affecting U.K. and Europe SG&A expense were individually immaterial.

Mexico Reportable Segment. SG&A expense incurred by our Mexico reportable segment during the nine months ended September 24, 2023 increased $13.6 million, or 37.0%, from SG&A expense incurred by our Mexico segment during the nine months ended September 25, 2022. The primary driver of the increase in SG&A expense was the unfavorable impact of foreign currency remeasurement, increased marketing costs ,and increased payroll costs. Other factors affecting Mexico SG&A expense were individually immaterial.

Restructuring activities. Losses on restructuring activities of $38.7 million were recognized in the nine months ended September 24, 2023. These losses were incurred by our U.K. and Europe reportable segment as a result of the implementation of multiple restructuring initiatives which began in the fourth quarter of 2022.

Net interest expense. Net interest expense increased to $112.1 million recognized in the nine months ended September 24, 2023 from $106.3 million recognized in the nine months ended September 25, 2022. The increase in net interest expense resulted primarily from interest expense on outstanding borrowings due to increased borrowings and increased rates and an increase of $1.7 million in amortization of capitalized loan costs related to the repayment of the U.S. term loans, partially offset by an increase in interest income earned on investments in available-for-sale securities. Average borrowings increased by $0.2 billion from $3.4 billion during the nine months ended September 25, 2022 to $3.6 billion during the nine months ended September 24, 2023 and the weighted average rate of interest increased by 0.8 percentage points. As a percent of net sales, net interest expense in the nine months ended September 24, 2023 and September 25, 2022 was 0.9% and 0.8%, respectively.

Income taxes. Income tax expense decreased to $20.5 million, a 9.8% effective tax rate, for the nine months ended September 24, 2023 compared to an income tax expense of $253.7 million, a 21.9% effective tax rate, for the nine months ended September 25, 2022. The decrease in income tax expense in 2023 resulted primarily from the decrease in profit before income taxes.

Liquidity and Capital Resources

The following table presents our available sources of liquidity as of September 24, 2023:

Sources of Liquidity	Facility Amount	Amount Outstanding	Amount Available
		(In millions)	
Cash and cash equivalents	$ —	$ —	$ 899.5
Borrowing arrangements:			
2021 U.S. Credit Facility[(a)]	800.0	—	774.9
Mexico Credit Facility[(b)]	87.2	—	87.2
Mexico BBVA Credit Facility[(c)]	64.5	—	64.5
U.K. and Europe Revolver Facility[(d)]	183.6	—	183.6

(a) Availability under the 2021 U.S. Credit Facility is also reduced by our outstanding standby letters of credit. Standby letters of credit outstanding at September 24, 2023 totaled $25.1 million.
(b) The U.S. dollar-equivalent of the facility amount under the Mexico Credit Facility is $87.2 million (Mex$1.5 billion).
(c) The U.S. dollar-equivalent of the facility amount under the Mexico BBVA Credit Facility is $64.5 million (Mex$1.1 billion).
(d) The U.S. dollar-equivalent of the facility amount under the U.K. and Europe Revolver Facility is $183.6 million (£150.0 million).

On October 12, 2023, we completed a sale of $500.0 million aggregate principal amount of unsecured, registered, senior notes due 2034 (“Senior Notes due 2034”). The issuance price of this offering to the public was 98.041%, which created gross proceeds of $490.2 million before transaction costs. We used the net proceeds from the offering of the Senior Notes due 2034, together with cash on hand, to purchase for cash the Senior Notes due 2027 through a tender offer and subsequent redemption of remaining outstanding notes. As of October 12, 2023, $812.8 million principal amount of the Senior Notes due

2027 had been validly tendered and purchased by us. The remaining outstanding Senior Notes due 2027 were purchased by us on October 16, 2023.

On October 4, 2023, we entered into a Revolving Syndicated Facility Agreement with CoBank, ACB as administrative agent and collateral agent (the "RCF"). The RCF replaced our 2021 U.S. Credit Facility. The RCF increased our availability under the revolving loan commitment from $800.0 million to $850.0 million and extended the maturity date from August 2026 to October 2028.

On August 15, 2023, we entered into an unsecured credit agreement (the "Mexico BBVA Credit Facility") with BBVA México as lender. The loan commitment under the Mexico BBVA Credit Facility is Mex$1.1 billion and can be borrowed on a revolving basis. Outstanding borrowings under the Mexico BBVA Credit Facility accrue interest at a rate equal to TIIE plus 1.35%. The Mexico BBVA Credit Facility will be used for general corporate and working capital purposes. The Mexico BBVA Credit Facility will mature on August 15, 2026.

We expect cash flows from operations, combined with availability under our credit facilities, to provide sufficient liquidity to fund current obligations, projected working capital requirements, maturities of long-term debt and capital spending for at least the next twelve months.

Historical Flow of Funds

Cash Flows from Operating Activities	**Nine Months Ended**	
	September 24, 2023	**September 25, 2022**
	(In millions)	
Net income	$ 188.1	$ 901.6
Net noncash expenses	269.4	258.3
Changes in operating assets and liabilities:		
Trade accounts and other receivables	(65.2)	(211.8)
Inventories	(13.0)	(455.5)
Prepaid expenses and other current assets	(8.0)	(3.5)
Accounts payable, accrued expenses and other current liabilities	12.2	297.3
Income taxes	40.5	10.2
Long-term pension and other postretirement obligations	(1.7)	(3.1)
Other operating assets and liabilities	(22.7)	(2.9)
Cash provided by operating activities	$ 399.6	$ 790.6

Net Noncash Expenses

Items necessary to reconcile from net income to cash flow provided by operating activities included net noncash expenses of $269.4 million for the nine months ended September 24, 2023. Net noncash expense items included depreciation and amortization of $307.4 million, loan cost amortization of $6.1 million, stock-based compensation of $5.2 million, asset impairment of $4.0 million, accretion of discounts related to Senior Notes of $1.6 million, and loss on equity method investment of $0.3 million. These expense items were partially offset by a deferred income tax benefit of $46.8 million and gains on property disposals of $8.4 million.

Items necessary to reconcile from net income to cash flow provided by operating activities included net noncash expenses of $258.3 million for the nine months ended September 25, 2022. Net noncash expense items included depreciation and amortization of $301.0 million, stock-based compensation of $6.0 million, loan cost amortization of $4.3 million and accretion of discounts related to Senior Notes of $1.3 million. These expense items were partially offset by a deferred income tax benefit of $48.6 million and gains on property disposals of $5.6 million.

Changes in Operating Assets and Liabilities

The change in trade accounts and other receivables represented a $65.2 million use of cash related to operating activities for the nine months ended September 24, 2023. This change primarily resulted from an increase in trade accounts receivable from increased sales prices in the U.K. and Mexico and increased volumes. The change in trade accounts and other receivables represented a $211.8 million use of cash related to operating activities for the nine months ended September 25, 2022. This change primarily resulted from an increase in trade accounts receivable due to increased sales prices.

The change in inventories represented a $13.0 million use of cash related to operating activities for the nine months ended September 24, 2023. This change resulted primarily from increased finished goods inventories. The change in inventories represented a $455.5 million use of cash related to operating activities for the nine months ended September 25, 2022. This change resulted primarily from increased raw material costs, such as feed ingredients, and a build-up of our finished goods inventories.

The change in prepaid expenses and other current assets represented a $8.0 million use of cash related to operating activities for the nine months ended September 24, 2023. This change resulted primarily from a net increase in prepaid insurance and prepaid maintenance of information technology. The change in prepaid expenses and other current assets represented a $3.5 million use of cash related to operating activities for the nine months ended September 25, 2022. This change resulted primarily from a net decrease in commodity derivative assets.

The change in accounts payable, revenue contract liabilities, accrued expenses and other current liabilities represented a $12.2 million source of cash related to operating activities for the nine months ended September 24, 2023. This change resulted primarily from timing of payments to our suppliers, a reduction in grain input costs, an increase in our revenue contract liabilities and year-to-date fair value fluctuations of our derivative instruments. The change in accounts payable, revenue contract liabilities, accrued expenses and other current liabilities represented a $297.3 million source of cash related to operating activities for the nine months ended September 25, 2022. This change resulted primarily from increased cost of feed ingredients and other input costs and the timing of payments.

The change in income taxes, which includes income taxes receivable, income taxes payable, deferred tax assets, deferred tax liabilities, reserves for uncertain tax positions, and the tax components within accumulated other comprehensive loss, represented a $40.5 million and $10.2 million source of cash related to improved operating results for the nine months ended September 24, 2023 and September 25, 2022, respectively.

Cash Flows from Investing Activities	**Nine Months Ended**	
	September 24, 2023	**September 25, 2022**
	(In millions)	
Acquisitions of property, plant and equipment	$ (432.4)	$ (342.5)
Proceeds from property insurance recoveries	20.7	7.3
Proceeds from property disposals	17.2	14.6
Purchase of acquired businesses, net of cash acquired	—	(9.7)
Cash used in investing activities	$ (394.5)	$ (330.3)

Capital expenditures were primarily incurred to improve operational efficiencies and reduce costs for the nine months ended September 24, 2023 and September 25, 2022. Capital expenditures in 2023 also included investments in the Athens, GA plant expansion, the South Georgia protein conversion plant and other automation projects. Proceeds from property disposals were primarily for the sale of a farm in Mexico. Proceeds from property insurance recoveries reflects cash received on insurance claims related to the property losses incurred from the Mayfield, Kentucky tornado that occurred in December 2021.

Cash Flows from Financing Activities	**Nine Months Ended**	
	September 24, 2023	**September 25, 2022**
	(In millions)	
Proceeds from revolving line of credit and long-term borrowings	$ 1,278.1	$ 362.5
Payments on revolving line of credit, long-term borrowings and finance lease obligations	(765.9)	(370.3)
Payments of capitalized loan costs	(10.3)	(3.1)
Distribution from Tax Sharing Agreement with JBS USA Holdings	(1.6)	(2.0)
Purchase of common stock under share repurchase program	—	(199.5)
Cash provided by financing activities	$ 500.3	$ (212.4)

Proceeds from revolving line of credit and long-term borrowings include the $1.0 billion issuance of the U.S. Senior Notes Due 2033 in April 2023, less a $6.8 million discount, borrowings on the U.S. revolving credit facility of $235.0 million, and borrowings on the U.K. and Europe revolving credit facility of $49.9 million. Payments on revolving line of credit, long-term borrowings and finance lease obligations include a pay down of $480.1 million on the U.S. term loan, repayments of all $285.1 million borrowings under both the U.S. and U.K. revolving credit facilities, and $0.6 million in payments of finance lease obligations. Payments of capitalized loan costs include costs incurred in relation to the issuance of the U.S. Senior Notes due 2033. The distribution from Tax Sharing Agreement with JBS USA Holdings is payment of net tax incurred during the tax year 2022 under the tax sharing agreement.

Debt

Our long-term debt and other borrowing arrangements consist of senior notes, revolving credit facilities and other term loan agreements. For a description, refer to "Note 12. Debt."

Collateral

Substantially all of our domestic inventories and domestic fixed assets are pledged as collateral to secure the obligations under the 2021 U.S. Credit Facility. See "Note 12. Debt" for changes to collateral for the Revolving Syndicated Facility Agreement entered into in October 2023.

Obligor Group Summarized Financial Information

All of the senior unsecured registered notes (collectively, the "Pilgrim's Senior Notes") issued by Pilgrim's Pride Corporation prior to September 24, 2023 are fully and unconditionally guaranteed by Pilgrim's Pride Corporation of West Virginia Inc., JFC LLC, Gold'n Plump Farms LLC and Gold'n Plump Poultry LLC (the "Subsidiary Guarantors"). See "Note 12. Debt" of our Condensed Consolidated Financial Statements included in this quarterly report for additional descriptions of these guarantees.

The following tables present summarized financial information for Pilgrim's Pride Corporation parent company only (as issuer of the Pilgrim's Senior Notes) and the Subsidiary Guarantors (together, the "Obligor Group"), on a combined basis after the elimination of all intercompany balances and transactions between Pilgrim' Pride Corporation parent company only and the Subsidiary Guarantors and investments in any non-obligated subsidiary.

Summarized Balance Sheets	September 24, 2023	December 25, 2022
	(In millions)	
Current assets	$ 2,322	$ 1,983
Current assets due from non-obligated subsidiaries[(a)]	188	170
Current assets due from related parties[(b)]	1	2
Noncurrent assets	2,074	1,945
Current liabilities	1,386	1,402
Current liabilities due to non-obligated subsidiaries[(a)]	269	253
Current liabilities due to related parties[(b)]	13	8
Noncurrent liabilities	3,959	3,459

(a) Represents receivables and short-term lending due from and payables and short-term lending due to non-obligated subsidiaries.
(b) Represents receivables due from and payables due to JBS affiliates.

Summarized Income Statements	Nine Months Ended September 24, 2023
	(In millions)
Net sales	$ 7,406
Gross profit[(a)]	330
Operating income	155
Net loss	(32)
Net loss attributable to Obligor Group	(32)

(a) For the nine months ended September 24, 2023, the Obligor Group recognized $127.0 million of net sales to the non-obligated subsidiaries and no purchases from the non-obligated subsidiaries.

Recent Accounting Pronouncements

See "Note 1. Business and Summary of Significant Accounting Policies" of our Condensed Consolidated Financial Statements included in this quarterly report for additional information relating to these recent accounting pronouncements.

Critical Accounting Policies and Estimates

As of the date of this report, there have been no significant changes to our critical accounting policies and estimates from those described in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of

Operations-Critical Accounting Policies and Estimates” in our annual report on Form 10-K for the fiscal year ended December 25, 2022, filed with the Securities and Exchange Commission (the “SEC”) on February 9, 2023 (the “2022 Annual Report”).

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

“EBITDA” is defined as the sum of net income (loss) plus interest, taxes, depreciation and amortization. “Adjusted EBITDA” is calculated by adding to EBITDA certain items of expense and deducting from EBITDA certain items of income that we believe are not indicative of our ongoing operating performance consisting of: (1) foreign currency transaction losses, (2) costs related to litigation settlements, (3) restructuring activities losses, (4) property insurance recoveries for Mayfield, Kentucky tornado property damage losses, and (5) net income attributable to noncontrolling interests. EBITDA is presented because it is used by us and we believe it is frequently used by securities analysts, investors and other interested parties, in addition to and not in lieu of results prepared in conformity with U.S. GAAP, to compare the performance of companies. We believe investors would be interested in our Adjusted EBITDA because this is how our management analyzes EBITDA applicable to continuing operations. We also believe that Adjusted EBITDA, in combination with our financial results calculated in accordance with U.S. GAAP, provides investors with additional perspective regarding the impact of certain significant items on EBITDA and facilitates a more direct comparison of our performance with our competitors. EBITDA and Adjusted EBITDA are not measurements of financial performance under U.S. GAAP. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as substitutes for an analysis of our results as reported under U.S. GAAP. Some of the limitations of these measures are:

- They do not reflect our cash expenditures, future requirements for capital expenditures or contractual commitments;
- They do not reflect changes in, or cash requirements for, our working capital needs;
- They do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- Although depreciation and amortization are noncash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements;
- They are not adjusted for all noncash income or expense items that are reflected in our statements of cash flows;
- EBITDA does not reflect the impact of earnings or charges attributable to noncontrolling interests;
- They do not reflect the impact of earnings or charges resulting from matters we consider to not be indicative of our ongoing operations; and
- They do not reflect limitations on or costs related to transferring earnings from our subsidiaries to us.

In addition, other companies in our industry may calculate these measures differently than we do, limiting their usefulness as a comparative measure. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with U.S. GAAP. You should compensate for these limitations by relying primarily on our U.S. GAAP results and using EBITDA and Adjusted EBITDA only on a supplemental basis.

	Nine Months Ended September 24, 2023
	(In thousands)
Net income	$ 188,106
Add:	
Interest expense, net	112,116
Income tax expense	20,488
Depreciation and amortization	307,414
EBITDA	628,124
Add:	
Foreign currency transaction losses	43,462
Litigation settlements	34,700
Restructuring activities losses	38,684
Minus:	
Property insurance recoveries for Mayfield tornado losses	19,086
Net income attributable to noncontrolling interest	1,185
Adjusted EBITDA	$ 724,699

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk-Sensitive Instruments and Positions

The risk inherent in our market risk-sensitive instruments and positions is primarily the potential loss arising from adverse changes in commodity prices, foreign currency exchange rates, interest rates and the credit quality of available-for-sale securities as discussed below. The sensitivity analyses presented do not consider the effects that such adverse changes may have on overall economic activity, nor do they consider additional actions our management may take to mitigate our exposure to such changes. Actual results may differ from those described below.

Commodity Prices

We purchase certain commodities, primarily corn, soybean meal, soybean oil, and wheat, for use as ingredients in the feed we either sell commercially or consume in our live operations. As a result, our earnings are affected by changes in the price and availability of such feed ingredients. We have from time to time attempted to minimize our exposure to the changing price and availability of such feed ingredients using various techniques, including, but not limited to, (1) executing purchase agreements with suppliers for future physical delivery of feed ingredients at established prices and (2) purchasing or selling derivative financial instruments such as futures and options.

For this sensitivity analysis, market risk is estimated as a hypothetical 10% increase in the weighted-average cost of our primary feed ingredients as of the periods presented. The impact of this fluctuation, if realized, could be mitigated by related commodity hedging activity. However, fluctuations greater than 10% could occur.

	Three Months Ended September 24, 2023	
	Amount	Impact of 10% Increase in Feed Ingredient Prices
	(In thousands)	
Feed ingredient purchases[a]	$ 1,015,359	$ 101,536
Feed ingredient inventory[b]	194,758	19,476

(a) Based on our feed consumption, a 10% increase in the price of our feed ingredient purchases would have increased cost of sales for the three months ended September 24, 2023.
(b) A 10% increase in ending feed ingredient prices would have increased inventories as of September 24, 2023.

	September 24, 2023	
	Amount	Impact of 10% Increase in Commodity Prices
	(In thousands)	
Net commodity derivative assets[a]	$ 47,595	$ 4,760

(a) We purchase commodity derivative financial instruments, specifically exchange-traded futures and options, in an attempt to mitigate price risk related to our anticipated consumption of commodity inputs for the next 12 months. A 10% increase in corn, soybean meal, soybean oil and wheat prices would have resulted in an increase in the fair value of our net commodity derivative asset position, including margin cash, as of September 24, 2023.

Interest Rates

Fixed-rate debt. Market risk for fixed-rate debt is estimated as the potential decrease in fair value resulting from a hypothetical increase in interest rates of 10%. Using a discounted cash flow analysis, a hypothetical 10% increase in interest rates would have decreased the fair value of our fixed-rate debt by $110.3 million as of September 24, 2023.

Foreign Currency

Mexico Subsidiaries

Our earnings are also affected by foreign exchange rate fluctuations related to the Mexican peso net monetary position of our Mexico subsidiaries. We manage this exposure primarily by attempting to minimize our Mexican peso net monetary position. We are also exposed to the effect of potential currency exchange rate fluctuations to the extent that amounts are repatriated from Mexico to the U.S. We currently anticipate that the future cash flows of our Mexico subsidiaries will be reinvested in our Mexico operations.

The Mexican peso exchange rate can directly and indirectly impact our financial condition and results of operations. For this sensitivity analysis, market risk is estimated as a hypothetical 10% change in the current exchange rate used to convert Mexican pesos to U.S. dollars as of September 24, 2023. However, fluctuations greater than 10% could occur. No assurance can be given as to how future movements in the Mexican peso could affect our future financial condition or results of operations.

	Three Months Ended September 24, 2023	
	Impact of 10% Deterioration in Exchange Rate	Impact of 10% Appreciation in Exchange Rate
	(In thousands, except for exchange rate data)	
Foreign currency remeasurement gain (loss)	$ (15,334)	$ 18,741
Exchange rate of Mexican peso to the U.S. dollar:		
As reported	17.20	17.20
Hypothetical 10% change	18.92	15.48

U.K. and Europe Foreign Investments

We are exposed to foreign exchange-related variability of investments and earnings from our U.K. and Europe subsidiaries. Foreign currency market risk is the possibility that our financial results or financial position could be better or worse than planned because of changes in foreign currency exchange rates. For this sensitivity analysis, market risk is estimated as a hypothetical 10% change in exchange rates used to convert U.S. dollars to British pound and to euro, and the effect of this change on our U.K. and Europe foreign investments.

Net Assets. As of September 24, 2023, our U.K. and Europe subsidiaries that are denominated in British pounds had net assets of $4.0 billion. A 10% weakening in British pound against the U.S. dollar exchange rate would cause a decrease in the net assets of our U.K. and Europe subsidiaries by $366.2 million. A 10% strengthening in the British pound against the U.S dollar exchange rate would cause an increase in the net assets of our U.K. and Europe subsidiaries of $447.6 million.

Cash flow hedging transactions. We periodically enter into foreign currency forward contracts, which are designated and qualify as cash flow hedges, to hedge foreign currency risk on a portion of sales generated and purchases made by our U.K. and Europe subsidiary. A 10% weakening or strengthening of the U.S. dollar against the British pound and U.S. dollar against the euro would result in immaterial changes in the fair values of these derivative instruments. No assurance can be given as to how future movements in currency rates could affect our future financial condition or results of operations.

Quality of Investments

Certain retirement plans that we sponsor invest in a variety of financial instruments. We have analyzed our portfolios of investments and, to the best of our knowledge, none of our investments, including money market funds units, commercial paper and municipal securities, have been downgraded, and neither we nor any fund in which we participate hold significant amounts of structured investment vehicles, auction rate securities, collateralized debt obligations, credit derivatives, hedge funds investments, fund of funds investments or perpetual preferred securities. Certain postretirement funds in which we participate hold significant amounts of mortgage-backed securities. However, none of the mortgages collateralizing these securities are considered subprime.

Impact of Inflation

The U.S., Mexico and most of Europe recently experienced pronounced inflation. None of the locations in which we operate are experiencing hyperinflation. We have responded to these inflationary challenges by continuing negotiations with customers to recoup the extraordinary costs we have experienced. We also continue to focus on operational initiatives that aim to deliver labor efficiencies, better agricultural performance and improved yields.

Forward Looking Statements

Certain written and oral statements made by our Company and subsidiaries of our Company may constitute "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995. This includes statements made herein, in our other filings with the SEC, in press releases, and in certain other oral and written presentations. Statements of our intentions, beliefs, expectations or predictions for the future, denoted by the words "anticipate," "believe," "estimate," "expect," "project," "plan," "imply," "intend," "should," "foresee" and similar expressions, are forward-looking statements that reflect our current views about future events and are subject to risks, uncertainties and assumptions. Such risks, uncertainties and assumptions include the following:

- The impact of the COVID-19 pandemic, efforts to contain the pandemic and resulting economic downturn on our operations and financial condition;
- Matters affecting the chicken and pork industries generally, including fluctuations in the commodity prices of feed ingredients, pigs and chicken;
- Our ability to obtain and maintain commercially reasonable terms with vendors and service providers;
- Our ability to maintain contracts that are critical to our operations;
- Our ability to retain management and other key individuals;
- Outbreaks of avian influenza or other diseases, either in our own flock or elsewhere, affecting our ability to conduct our operations and/or demand for our poultry products;
- Contamination of our products, which has previously and can in the future lead to product liability claims and product recalls;
- Exposure to risks related to product liability, product recalls, property damage and injuries to persons, for which insurance coverage is expensive, limited and potentially inadequate;
- Changes in laws or regulations affecting our operations or the application thereof;
- Our ability to ensure that our directors, officers, employees, agents, third-party intermediaries and the companies to which we outsource certain of our business operations will comply with anti-corruption laws or other laws governing the conduct of business with government entities;
- New immigration legislation or increased enforcement efforts in connection with existing immigration legislation that cause our costs of business to increase, cause us to change the way in which we do business or otherwise disrupt our operations;
- Competitive factors, inflation and pricing pressures, or the loss of one or more of our largest customers;
- Inability to consummate, or effectively integrate, any acquisition or to realize the associated anticipated cost savings and operating synergies;
- Currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and other risks associated with foreign segments, including risks associated with Brexit;
- Restrictions imposed by, and as a result of, Pilgrim's leverage;
- Disruptions in international markets and distribution channels for various reasons, including, but not limited to, the ongoing Russia-Ukraine or Israel-Hamas wars;
- The impact of cyber-attacks, natural disasters, power losses, unauthorized access, telecommunication failures, and other problems on our information systems;

- Our ability to maintain favorable labor relations with our employees and our compliance with labor laws;
- Extreme weather or natural disasters;
- The impact of uncertainties in litigation; and
- Other risks described herein and under “Risk Factors” in our 2022 Annual Report.

Actual results could differ materially from those projected in these forward-looking statements as a result of these factors, among others, many of which are beyond our control.

The Company’s forward-looking statements speak only as of the date of this report or as of the date they are made. In making these statements, we are not undertaking, and specifically decline to undertake, any obligation to address or update each or any factor in future filings or communications regarding our business or results, and we are not undertaking to address how any of these factors may have caused changes to information contained in previous filings or communications. Although we have attempted to list comprehensively these important cautionary risk factors, we must caution investors and others that other factors may in the future prove to be important and affect our business or results of operations.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the “Exchange Act”), “disclosure controls and procedures” means controls and other procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

As of September 24, 2023, the Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based on that evaluation and subject to the foregoing, the Company’s Chief Executive Officer and Chief Financial Officer concluded that, as of September 24, 2023, the Company’s disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that information we are required to disclose in our reports filed with the SEC is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

The Company’s management, including the Chief Executive Officer and Chief Financial Officer, identified no change in the Company’s internal control over financial reporting that occurred during the three months ended September 24, 2023 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required with respect to this item can be found in Part I, Item 1, Notes to Consolidated Financial Statements, “Note 19. Commitments and Contingencies” in this quarterly report and is incorporated by reference into this Item 1.

ITEM 1A. RISK FACTORS

For a discussion of our potential risks and uncertainties, please see “ Part I—Item 1A—Risk Factors” and “Part II—Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2022 Annual Report and “Part I—Item 2—Management’s Discussion and Analysis of Financial Condition and Results of Operations” herein, in each case as updated by the Company’s periodic filings with the SEC and the risk factors below.

Labor shortages and increased turnover or increases in employee and employee-related costs could have adverse effects on our profitability.

We and our third-party vendors have experienced increased labor shortages at some of our production facilities and other locations. Although we have historically experienced some level of ordinary course turnover of employees, the impact of the COVID-19 pandemic and resulting actions have exacerbated labor shortages and increased turnover. Several factors have had and may continue to have adverse effects on the labor force available to us and our third-party vendors, including government regulations, which include laws and regulations related to workers’ health and safety, wage and hour practices and work authorization. Labor shortages and increased turnover rates within the Company and our third-party vendors have led to and could in the future lead to increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees and could negatively affect our ability to efficiently operate our production facilities or otherwise operate at full capacity and could result in downtime of our production facilities. An overall or prolonged labor shortage, lack of skilled labor, increased turnover or labor inflation for any of the foregoing reasons could have a material adverse impact on our operations, results of operations, reputation, liquidity or cash flows.

Our foreign operations and commerce in international markets pose special risks to our business and operations and subject us to additional regulatory frameworks and compliance costs.

We have significant operations and assets located in Mexico, the U.K. and continental Europe and may participate in or acquire operations and assets in other foreign countries in the future. Foreign operations are subject to a number of special risks such as currency exchange rate fluctuations, trade barriers, exchange controls, expropriation and changes in laws and policies, including tax laws and laws governing foreign-owned operations. Currency exchange rate fluctuations have adversely affected us in the past. Exchange rate fluctuations or one or more other risks may have a material adverse effect on our business or operations in the future. Our operations in Mexico, the U.K. and continental Europe are conducted through subsidiaries organized under non-U.S. laws. Claims of creditors of our subsidiaries, including trade creditors, will generally have priority as to the assets of our subsidiaries over our claims. Additionally, the ability of these subsidiaries to make payments and distributions to us can be limited by terms of subsidiary financing arrangements and will be subject to, among other things, the laws applicable to these subsidiaries. In the past, these laws have not had a material adverse effect on the ability of these subsidiaries to make these payments and distributions. However, laws such as these may have a material adverse effect on the ability of these subsidiaries to make these payments and distributions in the future.

Our operations in foreign jurisdictions also subject us to additional regulatory frameworks, which can increase costs of compliance and subject us to possible fines and penalties, some of which could be significant. In some cases, foreign regulatory frameworks are more stringent or complex than similar regimes in the United States. For example, the European Union’s Deforestation Regulation (the “EUDR”), which generally becomes effective on December 30, 2024, will require companies trading in cattle, cocoa, coffee, oil palm, rubber, soya, and wood, as well as products derived from these commodities, to conduct extensive diligence on the value chain to ensure the goods do not result from recent deforestation, forest degradation, or breaches of local laws in order to sell such products in the European Union market. The EUDR, and other current or proposed regulations in the European Union and elsewhere, are likely to increase our compliance costs, could depress sales in such markets if our products are not in compliance by applicable effective dates, and could result in fines and penalties or reputational harm if we do not fully comply.

Additionally, to conduct our operations, we regularly move data across national borders (including data related to business, financial, marketing and regulatory matters) and must comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in the U.S. and elsewhere. For example, in 2018, the European Union (the “E.U.”) recently commenced enforcement of the General Data Protection Regulation (the “GDPR”). The GDPR imposes significant additional compliance obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. The GDPR grants enforcement powers to certain E.U. regulators including extra-territorial powers in some cases. These enforcement powers enable regulators to conduct investigations and dawn raids, to issue penalties up to the greater of €20 million or 4% of worldwide turnover for the most serious violations, and to require changes to the way that organizations (including the Company) use personal data. Due to the geographic scope of our operations, the GDPR may increase our responsibility and liability in relation to personal data that we process, and we may be required to put in place additional mechanisms to minimize the risk of non-compliance with applicable privacy laws and regulations. Privacy laws such as the GDPR and similar laws and regulations are increasing in complexity and number, change frequently and sometimes conflict. In particular, as the E.U. states reframe their national legislation to harmonize with the GDPR, we will need to monitor compliance with all relevant E.U. member states' laws and regulations, including where permitted derivations from the GDPR are introduced. Additional laws may be enacted in U.S. states or at the U.S. federal level. Compliance with such existing, proposed and recently enacted laws and regulations can be costly and may necessitate the review and implementation of policies and processes relating to our collection, security, and use of data; any failure to comply with these regulatory standards could subject us to legal and reputational risks including proceedings against the Company by governmental entities or others, fines and penalties, damage to our reputation and credibility and could have a negative impact on our business and results of operations.

Historically, we have targeted international markets to generate additional demand for our products. In particular, given the general preference for white chicken meat by U.S. and U.K. consumers, we have targeted international markets for the sale of dark chicken meat and parts, such as chicken paws, which are generally not consumed in the U.S. or U.K. We have also targeted international markets for excess primary pork cuts and parts, such as hog heads and trotters, which are generally not consumed in the U.K. As part of this initiative, we have created a significant international distribution network into several markets in Mexico, the Middle East and Asia. Our success in these markets may be, and our success in recent periods has been, adversely affected by disruptions in export markets. A significant risk is disruption due to import restrictions and tariffs, other trade protection measures, and import or export licensing requirements regarding food products imposed by foreign countries. Significant political or regulatory developments in the jurisdictions in which we sell our products, such as those stemming from the presidential administration in the United States, are difficult to predict and may have a material adverse effect on us. For example, the implementation of new tariff schemes by various governments, such as those implemented by the United States and China in recent years, could increase the costs of our operations and ultimately increase the cost of products sold from one country into another country. In addition, disruptions may be caused by outbreaks of diseases, either in our flocks and herds or elsewhere in the world, and resulting changes in consumer preferences. One or more of these or other disruptions in the international markets and distribution channels could adversely affect our business.

ITEM 5. OTHER INFORMATION

None of the Company's directors or executive officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended September 24, 2023.

ITEM 6. EXHIBITS

3.1	Amended and Restated Certificate of Incorporation of the Company. (incorporated by reference from Exhibit 3.1 of the Company's Current Form 8-K (No. 001-09273) filed on May 3, 2021).
3.2	Amended and Restated Corporate Bylaws of the Company. (incorporated by reference from Exhibit 3.2 of the Company's Current Form 8-K (No. 001-09273) filed on May 3, 2021).
4.1	Indenture dated as of April 19, 2023, among the Company, the Guarantors and Regions Bank, as Trustee (incorporated by reference from Exhibit 4.1 of the Company's Current Report on Form 8-K (No. 001-02973) filed on April 19, 2023).
4.2	First Supplemental Indenture dated as of April 19, 2023, among the Company, the Guarantors and the Trustee (incorporated by reference from Exhibit 4.2 of the Company's Current Report on Form 8-K (No. 001-02973) filed on April 19, 2023).
4.3	First Amendment to the Fifth Amended and Restated Credit Agreement, dated as of June 21, 2023, by and among Pilgrim's Pride Corporation, certain of its subsidiaries, CoBank ACB, as administrative agent and collateral agent, and the other lenders party thereto (incorporated by reference from Exhibit 4.3 of the Company's Quarterly Report on Form 10-Q (No. 001-02973) filed on July 27, 2023).
4.4	Revolving Syndicated Facility Agreement, dated as of October 4, 2023, by and among Pilgrim’s Pride Corporation, certain of its subsidiaries, CoBank, ACB, as administrative agent and the other lenders party thereto (incorporated by reference from Exhibit 10.1 of the Company's Current Report on Form 8-K (No. 001-02973) filed on October 10, 2023).
4.5	Second Supplemental Indenture, dated as of October 12, 2023, between the Company and Regions Bank, as trustee (incorporated by reference from Exhibit 4.1 of the Company's Current Report on Form 8-K (No. 001-02973) filed on October 13, 2023).
4.6	Revolving Line of Credit Agreement, dated as of August 15, 2023, by and among BBVA México as lender, and Pilgrim’s Pride, Sociedad de Responsabilidad Limitada de Capital Variable, as borrower.*
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation
101.DEF	Inline XBRL Taxonomy Extension Definition
101.LAB	Inline XBRL Taxonomy Extension Label
101.PRE	Inline XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PILGRIM'S PRIDE CORPORATION

Date: October 25, 2023

/s/ Matthew Galvanoni

Matthew Galvanoni
Chief Financial Officer and Chief Accounting Officer
(Principal Financial Officer, Principal Accounting Officer and Authorized Signatory)

CONTRATO DE APERTURA DE CREDITO EN CUENTA CORRIENTE QUE CELEBRAN:

I BBVA MÉXICO, SOCIEDAD ANÓNIMA, INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO BBVA MÉXICO, COMO ACREDITANTE, A QUIEN EN LO SUCESIVO SE DESIGNARÁ COMO "EL BANCO", REPRESENTADA POR MARCOS GABRIEL NIÑO GALINDO Y CAROLINA GUADALUPE RODRÍGUEZ SOLÍS;

II LA SOCIEDAD DENOMINADA "PILGRIM'S PRIDE" SOCIEDAD DE RESPONSABILIDAD LIMITADA DE CAPITAL VARIABLE, COMO ACREDITADA, A QUIEN SE DESIGNARA COMO "EL CLIENTE", REPRESENTADA POR EL SEÑOR HÉCTOR RENÉ DURÁN MANTILLA CONJUNTAMENTE CON "EL BANCO" COMO "LAS PARTES";

AL TENOR DE LAS SIGUIENTES DECLARACIONES Y CLAUSULAS.

D E C L A R A C I O N E S

I.- Declara "EL CLIENTE" a través de su representante legal, bajo protesta de decir verdad y bien entendido de lo dispuesto por el artículo 112 (CIENTO DOCE) de la Ley de Instituciones de Crédito que:

1. Su representante cuenta con las facultades suficientes y necesarias para acudir en su nombre y representación a la celebración y ejecución del presente contrato, mismas que no les han sido revocadas ni en forma alguna modificadas.
2. Es una sociedad debidamente constituida de acuerdo con las leyes del país, que conforme a su objeto social se dedica entre otros a suscribir, adquirir, endosar, otorgar en prenda, negociar y en general disponer en cualquier forma de toda clase de acciones, partes sociales, intereses y participaciones en otras sociedades o asociaciones civiles o mercantiles, mexicanas o extranjeras, etc.
3. La empresa y los bienes que la forman se encuentran al corriente en el pago de todos los adeudos, obligaciones, impuestos y derechos a su cargo.
4. No se encuentra pendiente, ni se amenaza presentar en su contra, alguna acción o procedimiento que pueda afectar la legalidad del presente contrato.
5. Los estados financieros que ha entregado a "EL BANCO", presentan adecuadamente la situación financiera a la fecha, así como los resultados de sus operaciones por el período determinado en los mismos, de conformidad con las Normas de

CURRENT ACCOUNT CREDIT AGREEMENT MADE AND ENTERED INTO BY AND BETWEEN:

I BBVA MÉXICO, SOCIEDAD ANÓNIMA, INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO BBVA MÉXICO, AS LENDER, HEREINAFTER REFERRED TO AS "BANK", HEREIN REPRESENTED BY MR. MARCOS GABRIEL NIÑO GALINDO AND MS. CAROLINA GUADALUPE RODRÍGUEZ SOLÍS;

II THE CORPORATION WITH THE NAME OF "PILGRIM'S PRIDE" SOCIEDAD DE RESPONSABILIDAD LIMITADA DE CAPITAL VARIABLE, AS BORROWER, HEREINAFTER REFERRED TO AS "CLIENT", HEREIN REPRESENTED BY MR. HÉCTOR RENÉ DURÁN MANTILLA, AND JOINTLY WITH "BANK" REFERRED TO AS "THE PARTIES";

IN ACCORDANCE WITH THE FOLLOWING REPRESENTATIONS AND SECTIONS.

REPRESENTATIONS

I.- "CLIENT", through its legal representative, being duly sworn, and with a complete understanding of the provisions of Article one hundred twelve (112) of the Banking Law, affirms the following:

1. Its legal representative has sufficient powers necessary to appear on its behalf and representation to enter into and perform this agreement, which powers have not been revoked nor amended in any way whatsoever.
2. It is a Company incorporated in compliance with the Mexican laws, which in accordance with its corporate purpose it engages, including, to sign, acquire, endorse, provide in pledge, deal and generally dispose of any and all types of shares, equity interest, membership interest or interest in other civil or business, Mexican or foreign, corporations or partnerships, etc.
3. The company and the assets comprising it are up to date in payment of all debts, liabilities, taxes and duties corresponding thereto.
4. There is no action or proceedings filed against it that are pending or might be filed, which could affect the legality of this Agreement.
5. The financial statements that have been delivered to "BANK", fairly show its financial position at this date, as well as the results of its operations for a specific period stipulated therein, in accordance with the Financial Information Standards (FIS); and

Información Financiera (NIF), que no ha habido cambio de importancia en su condición financiera.

6. Tiene celebrado con "EL BANCO" un contrato de depósito bancario de dinero a la vista, en pesos, moneda nacional, en virtud del cual es titular de la Cuenta de Cheques (en adelante la "CUENTA DE CHEQUES"), identificada con el número **0445008026 (cero, cuatro, cuatro, cinco, cero, cero, ocho, cero, dos, seis).**

7. Su domicilio social se ubica en Querétaro, Querétaro, con oficinas en Avenida Antea número 1032, interior 14, Colonia Jurica, C.P 76100, y con Registro Federal de Contribuyentes No. **PPR910701LEA**.

8. Tiene celebrado con "EL BANCO" un contrato, el cual se menciona en el CAPITULO SEGUNDO, De los Medios Electrónicos del presente documento, por el que a través de claves y contraseñas previamente convenidas, que lo identifican y vinculan, tiene acceso a los sistemas de cómputo de "EL BANCO" para realizar diversas operaciones, entre las cuales puede realizar consultas de su línea de crédito y disposiciones.

9. Conoce el sistema (según se define más adelante) que "EL BANCO" tiene en función y que opera mediante medios electrónicos, y que conoce y acepta que a través de él, "EL CLIENTE" expresará su consentimiento respecto de las disposiciones que realice al amparo del presente contrato, mediante el empleo de claves y contraseñas (según dichos términos se definen más adelante) previamente convenidas, mismas que lo identifican y vinculan, e intercambiará instrucciones, archivos y mensajes de datos (según se define más adelante) con "EL BANCO".

10. Los recursos que utilizará para pagar el presente crédito no son ni serán de procedencia ilícita.

11. Cumple con el ordenamiento ecológico, la preservación, restauración y mejoramiento del ambiente, así como la protección de las áreas naturales, la flora y fauna silvestre y acuáticas, el aprovechamiento racional de los elementos naturales, la previsión y el control de la contaminación del aire, agua y suelo y en general todas y cada una de las disposiciones previstas en la Ley General de Equilibrio Ecológico y Protección al Ambiente.

II.- Declara "EL BANCO" a través de sus representantes:

1. Es una sociedad anónima debidamente constituida conforme a las leyes mexicanas y se encuentra autorizada para operar como institución de banca múltiple, por lo que cuenta con las

its financial position has not undergone relevant changes.

6. It has a demand deposit banking agreement executed with "BANK", in Mexican pesos, whereby it is the holder of the Checking Account ("CHECKING ACCOUNT"), identified with number **zero, four, four, five zero, zero, eight, zero, two, six (0445008026.)**

7. Its corporate address is in Querétaro, Querétaro, with office at Avenida Antea number 1032, suite 14, Colonia Jurica, Z.C. 76100, and Tax ID No. **PPR910701LEA**.

8. It has entered with "BANK" an agreement, referred to in CHAPTER TWO, Electronic Means of this agreement, and through previously agreed upon User IDs and passwords which identify and link "CLIENT", it may access the computer systems of "BANK" to carry out several transactions, including enquiries on its credit facility and drawdowns.

9. It is aware of the system (as hereinafter defined) as operated by "BANK" through electronic means, and that it knows and agrees that through that system, "CLIENT" shall give its consent regarding withdrawals executed thereby under this agreement, by using priorly agreed upon User IDs and passwords (as those terms are defined below), which User IDs and passwords serve to identify and link "CLIENT", and "CLIENT" shall exchange instructions, files and data messages (as that term is defined below) with "BANK".

10. The funds that will be used to pay this credit are not, nor will they be in the future, of illegal origin.

11. It complies with the ecological regulations, and with the preservation, restoration and improvement of the environment, and also with the protection of natural areas, wild and aquatic flora and fauna, in general each and all provisions set forth in the General Ecological Balance and Protection of the Environment Law [*Ley General de Equilibrio Ecológico y Protección al Ambiente*.]

II.- "BANK" represents, through its legal representatives, that:

1. It is a business corporation duly incorporated under Mexican laws and authorized to operate as a full-service bank. Therefore, it has the powers necessary to enter into and perform this Agreement.

facultades necesarias para la celebración y cumplimiento de este contrato.	
2. Sus representantes cuentan con las facultades suficientes para acudir en su nombre y representación a la celebración y ejecución del presente contrato, mismas que no les han sido revocadas ni en forma alguna modificadas.	**2.** Its representatives have sufficient powers to appear on its behalf and representation to enter into and perform this Agreement, which powers have not been revoked or modified in any way whatsoever.
3. Tiene contemplada la utilización de equipos y sistemas automatizados de cómputo para la atención y control electrónico de alguna de las operaciones y servicios a que se refiere el presente contrato (en adelante el "SISTEMA"), que le permite intercambiar instrucciones, archivos y mensajes de datos.	**3.** It has considered the use of automated computer equipment and systems for the electronic handling and control of certain transactions and services referred to herein (the "SYSTEM"), which allow "BANK" to exchange directions, files and data messages.
4. Considerando las declaraciones de "EL CLIENTE", está dispuesto a abrirle un crédito.	**4.** Taking into consideration the representations of "CLIENT", it is willing to grant a credit thereto.
Por lo anterior, "LAS PARTES" se sujetan a lo que estipulan las siguientes:	For the reasons outlined above, "THE PARTIES" agree to adhere to the provisions of the following::
CAPITULO PRIMERO **CREDITO EN CUENTA CORRIENTE**	**CHAPTER ONE** **CURRENT ACCOUNT CREDIT**
C L A U S U L A S	**SECTIONS**
PRIMERA.	**SECTION ONE.**
IMPORTE. Por virtud del presente contrato "EL BANCO" abre a "EL CLIENTE" un crédito en cuenta corriente, hasta por la cantidad de **$1'110,200,000.00 (MIL CIENTO DIEZ MILLONES DOSCIENTOS MIL PESOS 00/100 MONEDA NACIONAL)**, en lo sucesivo el "CRÉDITO".	**AMOUNT.** "BANK" hereby opens for "CLIENT" a current account credit up to the amount of **$1,110,200,000.00 (ONE BILLION ONE HUNDRED TEN MILLION TWO HUNDRED THOUSAND PESOS AND ZERO CENTS, MEXICAN CURRENCY)**, hereinafter referred to as "CREDIT".
Dentro del límite del "CRÉDITO" no quedan comprendidos los intereses, intereses moratorios, comisiones, accesorios y demás gastos que deba cubrir "EL CLIENTE" en favor de "EL BANCO" conforme al presente contrato.	The interest, default interest, fees, accessories and other expenses that must be paid by "CLIENT" to "BANK" pursuant to this Agreement are not include within the ceiling of "CREDIT."
"EL CLIENTE" hará uso del "CRÉDITO" en la forma, términos y bajo las condiciones convenidas en este contrato.	"CLIENT" will use of "CREDIT" in the manner and under the terms and conditions agreed upon in this Agreement.
El "CRÉDITO" se otorga de conformidad a lo dispuesto en la Ley General de Títulos y Operaciones de Crédito, en forma de apertura de Crédito en Cuenta Corriente,	"CREDIT" is granted under provisions in the General Negotiable Instruments and Credit Operations Law [*Ley General de Títulos y Operaciones de Crédito*], as a Current Account Credit Agreement.
SEGUNDA.	**SECTION TWO.**
DESTINO. "EL CLIENTE" se obliga a destinar el importe del "CRÉDITO" precisamente para **capital de trabajo**.	**USE.** "CLIENT" assumes the obligation to use the amount of "CREDIT" precisely for **work capital**.
TERCERA.	**SECTION THREE.**
VIGENCIA. La vigencia de este contrato es de **36 (TREINTA Y SEIS) MESES** contados a partir de la fecha de firma del presente contrato, esto es, terminará precisamente el día **15 QUINCE DE AGOSTO DEL**	**TERM.** Term of this agreement is **THIRTY-SIX (36) MONTHS** beginning on the day this agreement is signed, that is, this agreement shall precisely terminate on the **FIFTEENTH (15th) DAY OF AUGUST TWO**

2026 (DOS MIL VEINTISÉIS), en lo sucesivo "FECHA DE PAGO FINAL".

No obstante la vigencia antes pactada, acuerdan "LAS PARTES" que la disposición del "CRÉDITO" al inicio de cada anualidad estará sujeta a lo previsto en la cláusula CUARTA del presente contrato.

A pesar de su terminación, este contrato producirá todos sus efectos legales hasta que "EL CLIENTE" haya liquidado en su totalidad todas las cantidades a su cargo.

CUARTA.

DISPOSICIONES DEL "CREDITO". Durante la vigencia del presente contrato "EL CLIENTE" podrá disponer, total o parcialmente del "CRÉDITO", conforme lo permitan los recursos disponibles de la Tesorería de "EL BANCO" a través del "SISTEMA" y sujeto a lo siguiente:

1. Que no exista por parte de "EL CLIENTE" ningún hecho o motivo que sea considerado como un incumplimiento a sus obligaciones establecidas en el presente instrumento, o con cualquier otro que tenga con "EL BANCO".
2. Que, al cumplirse cada aniversario de vigencia del presente contrato, se obtenga autorización por parte de "EL BANCO", la cual podrá ser comunicada a "EL CLIENTE" en forma expresa, o bien a partir del hecho de que le permita seguir disponiendo del "CRÉDITO".
3. En su caso, "EL CLIENTE" constituya en los términos que se pacten en el presente contrato, la(s) garantía(s) consignada(s).

Las disposiciones del "CRÉDITO" que "EL CLIENTE" efectúe al amparo del presente contrato serán abonadas a la "CUENTA DE CHEQUES" que "EL BANCO" le tiene establecida.

En cada ocasión en que "EL CLIENTE" pretenda disponer parte o la totalidad del "CRÉDITO", éste último deberá convenir con "EL BANCO" las fechas de pagos parciales de capital, en lo sucesivo "FECHA DE PAGO PARCIAL", que no podrán ser superiores de hasta **180 (CIENTO OCHENTA)** días, ni en su caso, superiores a la "FECHA DE PAGO FINAL".

Las "FECHAS DE PAGOS PARCIALES" así convenidas se harán constar en el "SISTEMA" y en su caso, en el(los) documento(s) (en lo sucesivo "AVISO(S) DE DISPOSICIÓN"), que por cada disposición realice "EL CLIENTE", los cuales deberá(n) de tener la(s) característica(s) que señale "EL BANCO".

Dicho(s) "AVISO(S) DE DISPOSICIÓN", no podrán tener vencimiento posterior a la fecha de terminación del presente contrato.

THOUSAND TWENTY-SIX (2026), ("FINAL PAYMENT DATE".)

Notwithstanding above-mentioned duration, "THE PARTIES" agree that drawdown of "CREDIT" at the beginning of each yearly period shall be subject to that provided in section FOUR of this agreement.

Notwithstanding its termination, this agreement will originate all its legal effects up until such time as "CLIENT" has paid in full all the amounts owed thereby.

SECTION FOUR.

DRAWDOWNS OF "CREDIT". During the term of this agreement, "CLIENT" may draw down "CREDIT" in whole or in part through "SYSTEM" provided that the funds are available in the Treasury Department of "BANK" and subject to the following:

1. There is no event or reason on the part of "CLIENT" that might be considered a breach of its obligations stipulated in this agreement, or any other "CLIENT" has with "BANK".
2. Upon each anniversary of the term of this agreement, consent of "BANK" needs to be requested, and may be explicitly notified to "CLIENT", or from a situation that makes possible for "CLIENT" to continue drawing "CREDIT".
3. In such case, "CLIENT" establishes the delivered guaranty(ies) in accordance with the terms agreed upon in this Agreement).

Drawdowns of the "CREDIT" made by "CLIENT" pursuant to this agreement shall be credited to the "CHECKING ACCOUNT" opened in "BANK."

Every time "CLIENT" wishes to draw down a portion or the entire amount of "CREDIT", the latter must reach an agreement with "BANK" on the dates of partial payment of principal ("PARTIAL PAYMENT DATE"), which payments may not be more than **ONE HUNDRED EIGHTY (180)** days; or in such case, beyond that "FINAL PAYMENT DATE."

Agreed upon "PARTIAL PAYMENT DATES" shall be registered in "SYSTEM", and in the document(s), if any, (DRAW DOWN NOTICE(S)), issued for each drawdown made by "CLIENT", which document(s) shall contain the features stipulated by "BANK".

The due date of said "DRAWDOWN NOTICE(S) may not be subsequent to the day when this agreement is terminated.

"EL CLIENTE" podrá hacer remesas, antes de la fecha fijada para su liquidación parcial o total de las disposiciones que hubiere hecho, quedando facultado, mientras el presente contrato no concluya, para disponer en la forma pactada del saldo que resulte a su favor.

QUINTA.

PAGO DEL PRINCIPAL. Durante la vigencia del presente contrato, "EL CLIENTE" se obliga a pagar en favor de "EL BANCO", las cantidades de que haya dispuesto, efectuando pagos a "EL BANCO" por concepto de la suerte principal, precisamente en cada "FECHA DE PAGO PARCIAL".

En caso de que cualquier "FECHA DE PAGO PARCIAL" fuese un día que no sea "DÍA HÁBIL", el pago se realizará el "DÍA HÁBIL" inmediato siguiente.

No obstante lo señalado con anterioridad, "LAS PARTES" convienen que "EL CLIENTE" podrá optar durante la vigencia del presente contrato, por diferir cualquier pago de principal, para lo cual, a través del "SISTEMA", podrá previo a cada "FECHA DE PAGO PARCIAL" o precisamente en la "FECHA DE PAGO PARCIAL" y respecto de alguna disposición del "CRÉDITO", recalendarizar su pago correspondiente en el nuevo plazo que elija, siempre y cuando:

"EL CLIENTE" liquide los intereses ordinarios devengados a esa fecha, la recalendarización no se haga sobre una disposición vencida, y no tenga sobregiros, retenciones o bloqueos en la "CUENTA DE CHEQUES".

La recalendarización puede ser de la siguiente manera:

- Por el mismo importe o por un importe menor al de la disposición por vencer.
- Al nuevo vencimiento le aplicará la tasa de interés que establezca el "SISTEMA", derivado de cada recalendarización.
- Ninguna recalendarización podrá exceder el plazo máximo de hasta **180 (CIENTO OCHENTA) DÍAS.**
- Ninguna recalendarización podrá exceder del vencimiento del contrato.
- Aplica únicamente para pago de principal y en "FECHAS DE PAGO PARCIAL", por lo que en la "FECHA DE PAGO PARCIAL" "EL CLIENTE" se obliga a mantener fondos suficientes en la "CUENTA DE CHEQUES" para pagar los intereses.

La recalendarización de pagos no implica prórroga a la vigencia del contrato. En su caso el(los) documento(s) documento(s) con que se acredite la recalendarización (en lo sucesivo "AVISO(S) DE RECALENDARIZACIÓN"), que suscriba "EL

"CLIENT" may make remittances before the day stipulated for settlement, in whole or in part, of any drawdowns executed thereby, and "CLIENT" is authorized to draw, while this agreement remains in effect, any remaining balance to the benefit thereof.

SECTION FIVE.

REPAYMENT OF PRINCIPAL. During the term of this agreement, "CLIENT" assumes the obligation to pay "BANK", the amounts that it has drawn down, making payments to "BANK" for principal, precisely on each "PARTIAL PAYMENT DATE".

In the event any "PARTIAL PAYMENT DATE" falls on a "NON-BUSINESS DAY", payment must be made on the immediately following "BUSINESS DAY".

Notwithstanding the aforementioned, "THE PARTIES" agree that "CLIENT" may, during the term of this agreement, select to defer any payment of principal. Therefore, "CLIENT" may reschedule, through "SYSTEM" any drawdown of "CREDIT", prior to each "PARTIAL PAYMENT DATE" or precisely on the "PARTIAL PAYMENT DATE"; and, with respect to any drawdown of "CREDIT", reschedule the respective payment within the new term it has selected, provided that:

"CLIENT" pays the regular interest accrued up to that date, the payment rescheduled is not owed on a drawdown that is due; and there are no overdrafts, withholdings or blockage of the "CHECKING ACCOUNT".

Payments may be rescheduled as follows:

- For the same amount or for an amount lower than the drawdown that is about to be due and payable.
- The interest rate established in the "SYSTEM" originated in each rescheduling shall be applied on new due date.
- No rescheduling date may exceed the maximum term of up to **ONE HUNDRED EIGHTY (180) days.**
- No rescheduling date may exceed the maturity date of the agreement.
- It is applicable only for payment of the principal, on "PARTIAL PAYMENT DATES". Therefore, at the "PARTIAL PAYMENT DATE", "CLIENT" assumes the obligation to keep sufficient funds in the "CHECKING ACCOUNT" to cover payment of interest.

Payment rescheduling does not imply an extension of the term of the Agreement. Document(s) evidencing rescheduling ("RESCHEDULING NOTICE(S)"), if any, CLIENTE", deberá(n) de tener la(s) características que señale "EL BANCO".

signed by "CLIENT" shall contain those requirements stipulated by "BANK."

Las recalendarizaciones no podrán tener vencimiento posterior a la fecha de terminación del presente contrato ó bien vencimiento posterior al año aniversario con el que cuenta "EL CLIENTE", para realizar el pago señalado en el párrafo siguiente.

Expiry of any rescheduling may not be later than the date when this agreement is terminated, or an expiry later than the anniversary year "CLIENT" has to make payment stipulated in the following paragraph.

SEXTA.

SECTION SIX.

INTERESES ORDINARIOS. "EL CLIENTE" se obliga a pagar a "EL BANCO", durante la vigencia del presente contrato, intereses ordinarios sobre la suerte principal insoluta del "CRÉDITO", que se calcularán a una tasa anualizada que será el equivalente a la Tasa TIIE (según se define más adelante) más 1.35 (uno punto treinta y cinco) puntos porcentuales.

REGULAR INTEREST. "CLIENT" assumes the obligation to pay "BANK", during the term of this Agreement, regular interest on the unpaid balance of the principal of "CREDIT", which will be calculated at an annualized rate the equivalent of the TIIE Rate (as defined below) plus one point thirty-five (1.35) percentage points.

Los intereses se devengarán a partir de la fecha de disposición parcial o total del "CRÉDITO" y deberán ser pagados a "EL BANCO" en cada "FECHA DE PAGO DE INTERESES" (según éste término se define más adelante).

Interest will be accrued starting on the date of the partial or complete drawdown of "CREDIT" and must be paid to "BANK" on each "INTEREST PAYMENT DATE" (as this term is defined below)..

En el supuesto de que cualquier "FECHA DE PAGO DE INTERESES" fuese un día que no sea "DIA HABIL" (según dicho término se define a continuación), dicho pago se hará en el "DIA HABIL" inmediato siguiente.

In the event that any "INTEREST PAYMENT DATE" were to fall on a "NON-BUSINESS DAY" (as this term is defined below), payment must be made on the immediately following "BUSINESS DAY."

Para efectos del presente contrato:

For purposes of this Agreement:

"DIA HABIL" significa, excepto sábados, domingos o días festivos, cualquier día en el cual las oficinas principales de las instituciones de crédito del país, estén abiertas al público para la realización de operaciones bancarias.

"BUSINESS DAY" means any day except Saturdays, Sundays or holidays, on which the main offices of Mexican financial institutions are open to the public for carrying out banking transactions.

"FECHA DE PAGO DE INTERESES" significa, el último día de cada Período de Intereses.

"INTEREST PAYMENT DATE" means the last day of each Interest Period.

"PERIODO DE INTERESES" significa, cada período de **1 (UN) MES CALENDARIO** con base en el cual se calcularán los intereses que cause el saldo insoluto del "CRÉDITO", en la inteligencia de que **(i)** el primer "PERIODO DE INTERESES" comenzará en la fecha de la disposición parcial o total del "CRÉDITO" y terminará precisamente el día último del mes en que haga la disposición, **(ii)** los "PERIODOS DE INTERESES" subsecuentes comenzarán el día primero del mes correspondiente al "PERIODO DE INTERESES" de que se trate y terminarán el último día de ese mismo mes, y **(iii)** cualquier "PERIODO DE INTERESES" que esté vigente en la "FECHA DE PAGO PARCIAL" o "FECHA DE PAGO FINAL", terminará precisamente en dicha fecha.

"INTEREST PERIOD" refers to each **ONE (1) CALENDAR MONTH**, the basis of which is used to calculate the interest accrued on the unpaid balance of "CREDIT", in the understanding that: (i) the first "INTEREST PERIOD" will commence on the date of the partial or total drawdown of "CREDIT" and will end precisely on the last day of the month in which the respective drawdown is made; (ii) the subsequent "INTEREST PERIOD" will commence on the day after the last day of the immediately preceding "INTEREST PERIOD" and will end on the last day of that same month; and (iii) any "INTEREST PERIOD" in effect at the "PARTIAL PAYMENT DATE" or "FINAL PAYMENT DATE" will end precisely on that date.

"TASA TIIE" significa, la tasa de interés interbancaria de equilibrio a plazo de 28 (VEINTIOCHO) días, o en caso de caer en día inhábil el término de dicho plazo, de 26 (VEINTISEIS), 27 (VEINTISIETE) ó 29 (VEINTINUEVE) días, determinada por el Banco de México y publicada en el Diario Oficial de la Federación,

"TIIE RATE" means the TWENTY-EIGHT (28)-day interbank equilibrium interest rate, or if the last day of this period ends on a non-business day, TWENTY-SIX (26), TWENTY-SEVEN (27) or TWENTY-NINE (29) days, determined by Mexico's Central Bank and published in the Federal Official Gazette on the el "DIA HABIL" inmediato anterior a la fecha de inicio de cada "PERIODO DE INTERESES".

Para el caso de que en cualquiera de cada uno de los "PERIODOS DE INTERESES" en que se devengarán los intereses no se llegare a contar con la determinación por parte de Banco de México de la "TASA TIIE", se aplicará al presente contrato la tasa de interés que sustituya a dicha "TASA TIIE" y que así lo haya dado a conocer el propio Banco de México, aplicándose como margen los mismos puntos porcentuales señalados para la "TASA TIIE", mismos que están señalados anteriormente y el mismo sistema para su cálculo.

En caso de que el Banco de México no dé a conocer tasa de intereses sustituta de la "TASA TIIE", se aplicará al "CREDITO", como tasa sustituta la "TASA CETES" (según se define más adelante) más los mismos puntos porcentuales que de común acuerdo "LAS PARTES" pacten en ese momento.

Para los efectos del presente contrato, "TASA CETES" significa la última tasa anual de interés de rendimiento equivalente a la de descuento, de los Certificados de la Tesorería de la Federación a plazo de 28 (VEINTIOCHO) días o, en caso de caer en día inhábil el término de dicho plazo, de 26 (VEINTISEIS), 27 (VEINTISIETE) ó 29 (VEINTINUEVE) días, en colocación primaria que semanalmente dé a conocer el Gobierno Federal por conducto de la Secretaría de Hacienda y Crédito Público mediante avisos en los periódicos de mayor circulación en el país, siendo aplicable al presente "CREDITO" la última "TASA CETES" que se haya dado a conocer de manera previa al inicio de cada "PERIODO DE INTERESES".

En caso de que no se publique ninguna de las tasas anteriormente señaladas, "LAS PARTES" están de acuerdo en celebrar un convenio modificatorio al presente contrato, que tenga por propósito establecer la tasa de interés aplicable al mismo. Lo anterior, dentro de un plazo que no podrá ser superior a un plazo de 20 (VEINTE) días naturales, a la fecha en que "EL BANCO" le notifique a "EL CLIENTE" de dicha circunstancia. Durante el mencionado plazo regirá la última tasa de interés aplicada.

Será causa de vencimiento anticipado del presente contrato, el que "LAS PARTES" no lleguen a un acuerdo respecto a la tasa sustituta aplicable dentro del plazo arriba pactado, caso en el cual "EL CLIENTE" deberá pagar a "EL BANCO" el saldo insoluto del "CRÉDITO" y sus demás accesorios, en la fecha del citado vencimiento, toda vez que en caso contrario el saldo insoluto devengará intereses moratorios conforme a lo pactado en el presente instrumento, tomando como base la última tasa ordinaria aplicable al presente "CRÉDITO".

"BUSINESS DAY" immediately preceding the date that each "INTEREST PERIOD" begins.

In the event that no determination of the "TIIE RATE" is available from the Mexico's Central Bank during each one of the "INTEREST PERIODS" in which interest is accrued, the interest rate replacing said "TIIE RATE", as released by the Mexico's Central Bank itself, will be applied to this agreement; also applying as margin the same percentage points stipulated for the "TIIE RATE" that were specified above, and using the same system for its determination.

In the event Mexico's Central Bank fails to release the interest rate replacing the "TIIE RATE", the substitute interest rate that will be applied to "CREDIT" as a replaced rate will be the "CETES RATE" (as defined below) plus the same percentage points then mutually agreed upon by "THE PARTIES.".

For purposes of this Agreement, the "CETES RATE" refers to the latest annual return rate equal to the discount rate of Federal Treasury Bills for TWENTY-EIGHT (28) days; or if the last day of this period ends on a non-business day, TWENTY-SIX (26), TWENTY-SEVEN (27) or TWENTY-NINE (29) days; in primary placement auctions weekly announced by the Federal Government through the Ministry of Finance and Public Credit through notices in the major newspapers in the country. The latest "CETES RATE" that has been released prior to the beginning of each "INTEREST PERIOD" will be the rate applicable to this "CREDIT".

In the event none of the rates referred to above are published, "THE PARTIES" agree to enter into an agreement amending this agreement for the purpose of establishing the interest rates applicable thereto. The foregoing will occur within a term that may not exceed a period of TWENTY (20) calendar days from the date on which "BANK" notifies "CLIENT" of this circumstance. During said term the latest applied interest rate shall prevail.

The fact that "THE PARTIES" fail to reach an agreement with respect to the substitute rate applicable within the term agreed upon referred to above shall constitute cause of early termination of this Agreement. In this case, "CLIENT" shall pay "BANK" the unpaid balance of "CREDIT" and its other accessories at the date of the aforementioned expiration; because if not, the unpaid balance will accrue default interest pursuant to this agreement; taking as a base the latest regular interest rate applicable to this "CREDIT".

Para calcular los intereses ordinarios de cada "PERIODO DE INTERESES", la tasa anualizada de interés aplicable se dividirá entre 360 (TRESCIENTOS SESENTA) y el resultado se multiplicará por el número de los días naturales que integren el "PERIODO DE INTERESES" de que se trate. La tasa resultante se multiplicará por el saldo insoluto del "CRÉDITO" y el producto será la cantidad que por concepto de intereses deberá pagar "EL CLIENTE" a "EL BANCO" en cada "FECHA DE PAGO DE INTERESES".

To determine the regular interest of each "INTEREST PERIOD", the applicable annual interest rate will be divided by three hundred sixty (360) and the result will be multiplied by the number of calendar days comprising the "INTEREST PERIOD" involved. The resulting rate will then be multiplied by the unpaid balance of "CREDIT" and the result will be the amount in interest that must be paid by "CLIENT" to "BANK" on each "INTEREST PAYMENT DATE".

"LAS PARTES" convienen que la tasa de interés podrá revisarse en forma anual, a partir de la fecha de firma del presente instrumento, por lo que en el caso que decidan modificarla, celebrarán el instrumento correspondiente.

"THE PARTIES" agree that interest rate may be reviewed each year, beginning on the day this agreement is signed. Therefore, if "THE PARTIES" decide to change that rate, they will sign the applicable agreement.

SÉPTIMA.

SECTION SEVEN.

INTERESES MORATORIOS. En caso de que "EL CLIENTE" no pague puntualmente alguna cantidad que deba cubrir en favor de "EL BANCO" conforme al presente contrato, exceptuando intereses, dicha cantidad devengará intereses moratorios desde la fecha de su vencimiento hasta que se pague totalmente, intereses que se devengarán diariamente, que se pagarán a la vista y conforme a una tasa anualizada igual al resultado de multiplicar la tasa de intereses ordinaria por **2 (DOS).**

DEFAULT INTEREST. In the event "CLIENT" fails to pay on time any amount owed to "BANK" in accordance with the terms of this agreement, with the exception of interest, said amount will accrue overdue interest from the date on which it became due until it has been paid in full. Overdue interest will be accrued daily, payable on sight according to an annual rate the equivalent of multiplying the regular interest rate by **TWO (2).**

Para calcular los intereses moratorios, la tasa anualizada de interés moratorio aplicable se dividirá entre 360 (TRESCIENTOS SESENTA) y el cociente se aplicará a los saldos insolutos y vencidos, resultando así el interés moratorio de cada día, que se ha obligado a pagar "EL CLIENTE" en términos de este contrato

To determine default interest, the annual default interest rate will be divided by THREE HUNDRED AND SIXTY (360) and the result will be applied to the unpaid, overdue balances; thereby arriving at the default interest rate for each day, which "CLIENT" has obliged itself to pay pursuant to this agreement

OCTAVA.

SECTION EIGHT.

COMISION(ES). "EL CLIENTE" se obliga a pagar a "EL BANCO" comisión por apertura del "CRÉDITO", por la cantidad equivalente al **0.00% (cero por ciento)** calculada sobre el importe del "CRÉDITO", que será cobrada al momento que "EL BANCO" realice el alta del "CREDITO" en el "SISTEMA".

FEE(S). "CLIENT" assumes the obligation to pay "BANK" a fee for opening the "CREDIT", for the amount equal to **zero percent (0.00%)** determined on the amount of "CREDIT", which will be charged at the time "BANK" registers "CREDIT" in "SYSTEM."

Asimismo "EL CLIENTE" se obliga a pagar a "EL BANCO" una comisión anual por administración del "CRÉDITO" por la cantidad equivalente al **0.1% (cero punto uno por ciento)** calculada sobre el importe del "CRÉDITO", que será pagada en la fecha que se cumpla cada aniversario del presente contrato.

Also, "CLIENT" assumes the obligation to pay "BANK" an annual management fee for the "CREDIT", for the amount equal to zero point one percent (0.1%), determined on the "CREDIT" amount, which will be paid on each anniversary of this agreement.

Para efectos de esto último, "EL CLIENTE" faculta irrevocablemente a "EL BANCO" para que cobre dicha(s) comisión(es) más el IVA correspondiente, mediante el cargo del importe que corresponda a la "CUENTA DE CHEQUES".

For purposes of the foregoing, "CLIENT" irrevocably authorizes "BANK" to collect these fees, plus the respective VAT, by debiting the corresponding amount to the "CHECKING ACCOUNT".

"LAS PARTES" acuerdan que "EL BANCO" no efectuará cargos, comisiones o gastos distintos a los especificados en el presente contrato.

"THE PARTIES" agree that "BANK" shall not charge debits, fees or expenses other than those stipulated in this agreement.

NOVENA.

LUGAR Y FORMA DE PAGO. Todos los pagos que deba efectuar "EL CLIENTE" en favor de "EL BANCO" al amparo de este contrato, por capital, intereses, comisiones y demás consecuencias legales, los hará en las fechas convenidas en días y horas hábiles, sin necesidad de previo requerimiento. Dichos pagos serán efectuados a través del "SISTEMA" o en cualquier sucursal de "EL BANCO", ubicada en la misma plaza correspondiente al domicilio estipulado por "EL BANCO", o bien, podrán hacerse en cualquier otro lugar que al efecto "EL BANCO" notifique a "EL CLIENTE" con por lo menos 10 (DIEZ) días de anticipación a la fecha de pago respectivo.

"EL BANCO" estará obligada a recibir cheques y órdenes de transferencias de fondos para el pago de principal, intereses, comisiones y gastos del "CRÉDITO".

Las órdenes de transferencia de fondos podrán ser enviadas a solicitud de "EL CLIENTE" o por un tercero y la institución emisora podrá ser otra institución de crédito. Asimismo, los cheques podrán ser librados por "EL CLIENTE" o por u tercero, incluyendo aquellos que hayan sido expedidos a cargo de otra institución de crédito. Lo anterior siempre y cuando quienes libren los cheques o soliciten órdenes de transferencias de fondos respectivos, tengan en las cuentas que correspondan recursos suficientes.

El pago del "CRÉDITO" se acreditará de acuerdo al medio de pago que utilice "EL CLIENTE", de la manera siguiente:

SECTION NINE.

PLACE AND METHOD OF PAYMENT. All payments of principal, interest and other legal consequences to be made by "CLIENT" to "BANK" under this Agreement must be made on the business days and hours agreed upon, with no need for prior demands. These payments may be made through the "SYSTEM" at any branch of "BANK" located in the same city as the address stipulated by "BANK", or payments may be made at any other place notified by "BANK" to "CLIENT" at least TEN (10) days in advance of the respective payment date.

"BANK" shall be obliged to receive checks and fund transfer orders for payment of principal, interest, fees and expenses of "CREDIT".

Fund transfer orders may be sent at the request of "CLIENT" or a third party, and another banking institution may be the issuing institution. Also, checks may be written by "CLIENT" or a third party, including those drawn and to be charged on another banking institution. The foregoing provided that the parties issuing checks or requesting the relative fund transfer orders hold enough funds in the applicable accounts.

Payment of "CREDIT" shall be credited in accordance with any payment mean used by "CLIENT", as follows:

MEDIOS DE PAGO	***FECHAS DE ACREDITAMIENTO DEL PAGO***	***PAYMENT MEANS***	***DATES FOR CREDITING PAYMENT***
Efectivo	*Se acreditará el mismo día.*	***Cash***	*It will be credited on the same day.*
Cheque de "EL BANCO"	*Se acreditará el mismo día.*	***Check from "BANK"***	*It will be credited on the same day.*
Cheque de otro banco	*Si se deposita antes de las 16:00 horas, se acreditará a más tardar el "DIA HABIL" siguiente.* *Si se deposita después de las 16:00 horas, se acreditará a más tardar el segundo "DIA HABIL" siguiente.*	***Check from a different bank***	*If deposited before 4:00 p.m. it will be credited no later than the following "BUSINESS DAY."* *If deposited after 4:00 p.m., it will be credited no later than the second following "BUSINESS DAY".*
Domiciliación	*Se acreditará:* *a) En la fecha que "EL BANCO" acuerde con "EL CLIENTE", o* *b) En la fecha límite de pago del crédito, préstamo o financiamiento.*	***Automatic bill pay service***	*It will be credited:* *a) On the date agreed upon by "BANK" with "CLIENT," or* *b) On due date of "CREDIT", credit or financing.*
Transferencias electrónicas de fondos	***a)*** *A través del Sistema de Pagos Electrónicos Interbancarios (SPEI) o mediante cargos y abonos a cuentas en "EL BANCO", se acreditará mismo*	***Electronic fund transfers***	***a)*** *Through Interbank Electronic Pay System (SPEI- in Spanish) or through debits and credits to the accounts held with "BANK," will be credited on*

	"DIA HABIL" en que se ordene la transferencia. **b)** *A través del Sistema de Transferencia Electrónica, se acreditará a más tardar el "DIA HABIL" siguiente al que se ordene la transferencia.*		*the same "BUSINESS DAY" when transfer is ordered* . **b)** *Through the Electronic Transfer System, it will be credited no later than the "BUSINESS DAY" following that when transfer is ordered.*

No obstante lo convenido anteriormente, "EL CLIENTE" instruye expresa e irrevocablemente a "EL BANCO" para que éste último cargue a la "CUENTA DE CHEQUES", el importe de principal, intereses ordinarios, y en su caso, intereses moratorios, comisiones, gastos y demás accesorios del "CRÉDITO", acreditándose en el mismo día en que se efectúe el pago.

Notwithstanding the foregoing, "CLIENT" issues explicit, irrevocable instructions to "BANK" so that amounts for principal, interest, fees or any other items, and default interest, fees, expenses and other ancillary expenses of "CREDIT" to be debited them from the "CHECK ACCOUNT" on the same day payment is made.

"EL CLIENTE" se obliga a mantener la provisión de fondos suficientes en la "CUENTA DE CHEQUES" aludida.

"CLIENT" assumes the obligation to keep sufficient funds in the aforementioned "CHECKING ACCOUNT".

"LAS PARTES" acuerdan que "EL CLIENTE" podrá solicitar su estado de cuenta del "CRÉDITO" en cualquiera de las sucursales de "EL BANCO", ó bien lo podrá consultar e imprimir, en su sesión dentro de la página de internet www.bbva.mx. En el estado de cuenta podrá conocer su saldo del "CRÉDITO", los cargos y abonos efectuados.

"THE PARTIES agree that "CLIENT" may request the "CREDIT" statement at any "BANK" branch office or enquire and print the statement while entering a session in web page www.bbva.mx. The "CREDIT" balance, debits and credits executed may be reviewed in the "CREDIT" statement.

DECIMA.

SECTION TEN.

PAGOS ANTICIPADOS. "EL CLIENTE" podrá pagar antes de su vencimiento, parcial o totalmente, el importe de las sumas dispuestas. El importe de los pagos anticipados será aplicado primeramente al pago de intereses generados no vencidos y por último al capital.

ADVANCED PAYMENTS. "CLIENT" may make partial or complete payments of drawdowns in advance of the date on which they are due. The amount of the advanced payments will be allocated first to payment of the interest accrued and lastly the principal.

DECIMA PRIMERA.

SECTION ELEVEN.

OBLIGACIONES ESPECIALES. "EL CLIENTE" está obligado a cumplir durante la vigencia de este contrato y mientras exista saldo derivado del mismo, las obligaciones siguientes:

SPECIAL OBLIGATIONS. "CLIENT" is obliged to comply with the following obligations during the term of this agreement, and as long as any balance derived therefrom exists:

A. OBLIGACIONES DE HACER.

A. AFFIRMATIVE COVENANTS.

1. Entregar a "EL BANCO" sus estados financieros anuales dictaminados, dentro de los **270 (DOSCIENTOS SETENTA)** días naturales, posteriores al cierre de su ejercicio social en caso de que dictamine.

1. Submit to "BANK" its audited annual financial statements, within the **TWO HUNDRED SEVENTY (270)** calendar days following closing of its corporate year if audited.

2. Entregar a "EL BANCO" dentro de los **90 (NOVENTA)** días naturales siguientes al cierre de cada semestre, los estados financieros internos y/o relación patrimonial de bienes (según sea el caso), que incluyan balance, estado de resultados y relaciones analíticas de sus principales cuentas de activo y pasivo.

2. Deliver to "BANK" within **NINETY (90)** calendar days following closing of each semester, internal financial statements and/or property list (as applicable) including balance sheet, profit and loss statement, and analytical list of its main assets and liability accounts

3. Informar a "EL BANCO" dentro de los **45 (CUARENTA Y CINCO)** días naturales siguientes a su acontecimiento, de cualquier evento que pudiera afectar, afecte o menoscabe la situación financiera actual de su negocio o incurra en alguna de las causas de vencimiento anticipado previstas en este contrato, informando además, las acciones y medidas que se vayan a tomar al respecto.

4. "EL CLIENTE" se obliga a causar para que la sociedad denominada "Pilgrim's Pride Corporation" no salga del cuadro accionarial de su principal accionista "Avicola Pilgrim´s Pride de México" S.A. de C.V.

5. "EL CLIENTE" no podrá efectuar reducción de su capital social de más de un 10% (diez por ciento) respecto a sus cifras presentadas al cierre del año 2022.

6. **Pari passu:** Las operaciones con otros acreedores financieros no podrán tener mejor estructura de garantías que las otorgadas a "EL BANCO".

7. **ESPECIALES**

7.1. ÍNDICE DE LIQUIDEZ. – Mantener un índice de liquidez mayor a 1.50 a 1.00 durante todo el periodo que dure el presente contrato.

7.2. APALANCAMIENTO FINANCIERO. - Mantener un apalancamiento financiero menor a 2.00 a 1.00 durante el periodo que dure el presente contrato.

7.3. Mantener una cobertura de servicio de deuda (intereses) mayor a 2.00 a 1.00 durante la vida del presente contrato.

7.4. Mantener un ratio de Deuda Financiera Total / EBITDA no mayor a 3.00 a 1.00.

B. OBLIGACIONES DE NO HACER

"EL CLIENTE" deberá obtener autorización previa por escrito de "EL BANCO" únicamente en caso de que cualquiera de los eventos descritos a continuación, afecte material y adversamente la capacidad de "EL CLIENTE" para cumplir sus obligaciones contraídas en el presente contrato:

1. Contratar pasivos con costo financiero, cuyos montos y garantías, pudieran afectar las obligaciones de pago establecidas en el presente contrato.

2. Otorgar préstamos y/o garantías a terceros o empresas filiales que pudieran afectar las obligaciones de pago establecidas en el presente contrato.

DÉCIMA PRIMERA BIS.- CRÉDITO SOSTENIBLE. Dado que el "CRÉDITO" está vinculado a la sostenibilidad, "El CLIENTE" podrá solicitar a "EL BANCO" en un momento posterior a la firma del

3. Inform "BANK" within **FORTY-FIVE (45)** business days of any event that might affect, affects or impairs the current financial position of the business or if any of the causes for early termination stipulated in this agreement have occurred. Information must also be provided about the actions and measures that will be adopted in this respect.

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4. "CLIENT" assumes the obligation not to have company with the name of "Pilgrim's Pride Corporation" leave the shareholding structure of its main shareholder "Avicola Pilgrim´s Pride de México" S.A. de C.V.

5. "CLIENT" may not reduce its capital stock for more than ten percent (10%) regarding the figures shown at close of year 2022.

6. **Pari passu:** Transactions with other financial lenders may not have a guaranty structure above that guaranty granted to "BANK."

7. **SPECIAL COVENANTS**

7.1. LIQUIDITY INDEX. – Maintain a liquidity index above 1.50 to 1.00 during the term of this agreement.

7.2. FINANCIAL LEVERAGE.- Maintain a financial leverage below 2.00 to 1.00 during the term of this agreement.

7.3. Maintain a debt (interest) service coverage above 2.00 to 1.00 during the term of this agreement.

7.4. Maintain a Total Financial Debt / EBITDA ratio not above 3.00 to 1.00.

B. NEGATIVE COVENANTS

"CLIENT" shall request prior consent in writing by "BANK" only in case any of those events listed below adversely and materially affect ability of "CLIENT" to meet the obligations assumed under this agreement:

1. Contract liabilities with financial cost, the amounts and collateral of which might affect the payment obligations stipulated in this agreement.

2. Grant loans and/or establish guaranties to third parties or affiliates that might affect the payment obligations stipulated in this agreement..

SECTION ELEVEN BIS.- SUSTAINABLE CREDIT. Since "CREDIT" is linked to sustainability, "CLIENT" may request "BANK," at a time subsequent to the day this agreement is signed and without exceeding a ninety contrato y sin que rebase un plazo de 90 (noventa) días, que el "CRÉDITO" entre dentro de la categoría de "CRÉDITO SOSTENIBLE", sujeto al cumplimiento del(los) KPI(S) (Key Performance Indicator, por sus siglas en inglés) que, al momento de la solicitud deberá(n) estar determinado(s).

Para ello "EL CLIENTE" deberá cumplir, a satisfacción de "EL BANCO", previamente con lo siguiente:

1. Determinar qué empresa externa (asesor sustentable) contratará el Cliente para la determinación del(os) KPIs sustentable(s) y la forma y periodicidad de su posterior medición y certificación. "EL CLIENTE" podrá elegir entre las siguientes opciones: Valora Consultores, Vigeo o Sustainalytics.

2. Acordar con "EL BANCO" la firma de un convenio modificatorio en el que se incorporen las declaraciones y cláusulas sustancialmente iguales a las contenidas en el "ANEXO A" del presente instrumento.

3. Estar al corriente en el pago de principal e intereses del "CRÉDITO" al momento de la solicitud.

Para el caso que, dentro del plazo indicado en el primer párrafo de esta cláusula, no se cumplan las condiciones antes establecidas a satisfacción de "EL BANCO", todo lo pactado en esta cláusula quedará sin efectos, sin afectar en ningún momento y bajo ninguna circunstancia la validez del presente "CRÉDITO".

DECIMA SEGUNDA.

IMPUESTOS. Todas las cantidades que "EL CLIENTE" deba pagar, derivadas de esta operación de "CRÉDITO" y de las disposiciones, serán pagados, sin deducción, libres de cualquier retención, impuesto, tributo, contribución, etcétera, de cualquier naturaleza que se impongan o graven en cualquier tiempo y por cualquier autoridad. En caso de que cualquier ley aplicable obligue a "EL CLIENTE" a efectuar cualquiera de dichas deducciones, las cantidades a recibir por "EL BANCO" se incrementarán en la misma medida para asegurar que "EL BANCO" reciba en forma completa las cantidades a su favor derivadas de esta operación.

"EL CLIENTE" proporcionará a "EL BANCO" cuando legalmente proceda la constancia de percepciones y retenciones correspondiente, debiendo cumplir ésta los requisitos legales que la Ley le impone o en su caso, la constancia de retención que por disposición oficial la substituya.

DECIMA TERCERA.

CAUSAS DE VENCIMIENTO ANTICIPADO. "EL BANCO" podrá dar por vencido anticipadamente el plazo para el pago del importe insoluto del "CRÉDITO" y sus accesorios, obligándose "EL CLIENTE" al pago inmediato del monto total insoluto del "CRÉDITO" y sus accesorios, mediante declaración por escrito entregada a "EL CLIENTE" que "EL BANCO" deberá entregar a

(90)-day term, that "CREDIT" is classified within a "SUSTAINABLE CREDIT" category, subject to compliance with the Key Performance Indicator ("KPI(s)") that must be determined by the time request is made.

For that purpose, "CLIENT" must priorly comply, at the satisfaction of "BANK", with the following:

1. Determine the external company (sustainable advisor) who will be hired by Client to determine the sustainable KPIs, as well as the manner and frequency for their further measurement and certification. "CLIENT" may choose among the following options: Valora Consultores, Vigeo o Sustainalytics.

2. Agree with "BANK" to execute an amendment agreement that includes representations and sections substantially similar to those contained in "EXHIBIT A" hereto.

3. To be up to date in payment of principal and interest of l "CREDIT" at the time request is made.

If the above-provided conditions are not fulfilled at the satisfaction of "BANK" within the term set forth in the first paragraph of this section, all that agreed upon in this section will no longer be in force, and validity of this "CREDIT" will not be affected in any case and under no circumstance.

SECTION TWELVE.

TAXES. Any amounts payable by "CLIENT" arising from this "CREDIT" transaction and the drawdowns shall be paid without any deductions, and free of any withholding, tax, levy, government charge, etcetera, of any nature imposed or levied upon by any authority at any time. In the event "CLIENT" is obliged to carry out said withholdings under any applicable law, the amounts to be received by "BANK" shall increase in a similar proportion to ensure that "BANK" shall receive the full amounts payable thereto and arising from this transaction.

"CLIENT" shall provide "BANK" the applicable earning and withholding certificates, if legally admissible, which certificates shall fulfill the legal requirements provided by law, or any substituting withholding certificate as determined in any official provision.

SECTION THIRTEEN.

EVENTS FOR EARLY TERMINATION. "BANK" may early terminate the period for payment of unpaid amount of "CREDIT" and its ancillary charges. "CLIENT" assumes the obligation to immediately pay the total unpaid amount of "CREDIT" and its ancillary charges, through a statement in writing delivered to "CLIENT" that "BANK" shall deliver to "CLIENT" at least ten (10) este último con por lo menos 10 (diez) de anticipación antes de que surta efectos, en cualquiera de los siguientes casos (cada uno de dichos casos, una "Causa de Vencimiento Anticipado"), sin necesidad de demanda, resolución o diligencia judicial u otra notificación de cualquier naturaleza, a las cuales "EL CLIENTE" renuncia expresamente:

1. Si "EL CLIENTE" no pagase puntual e íntegramente alguna amortización de capital vencida, o los intereses devengados, o comisiones o gastos que se causen en virtud del presente instrumento y en relación con el "CRÉDITO".

2. Si "EL CLIENTE" faltare al cumplimiento de cualquiera de sus obligaciones bajo el presente instrumento, incluyendo sin limitar las obligaciones de hacer y de no hacer estipuladas en el presente instrumento, y/o si incumple otros contratos u obligaciones que tenga contraídas con "EL BANCO" o que contraiga con él en lo futuro.

3. Si "EL CLIENTE" incumple otros contratos u obligaciones que tenga contraídas o que contraiga en lo futuro con cualquier filial, o subsidiaria de "EL BANCO", Banco Bilbao Vizcaya Argentaria, S.A. o Grupo Financiero BBVA México, S. A de C. V., y en los casos previstos en la Ley General de Títulos y Operaciones de Crédito.

DECIMA CUARTA.

INSTRUCCIÓN IRREVOCABLE DE CARGO O COMPENSACIÓN EN CUENTA O CUENTAS. Sin perjuicio de lo anterior, "LAS PARTES" acuerdan que "EL BANCO" está autorizado e instruido irrevocablemente para que, en el supuesto de que en cualquier fecha en que se deba pagar a "EL BANCO" alguna cantidad conforme a este contrato de "CRÉDITO" y "EL CLIENTE" incumpla con esa obligación de pago:

(i) compense, cualquier adeudo insoluto y vencido que "EL BANCO" pueda tener a su favor y a cargo de "EL CLIENTE" por cualquier concepto, precisamente hasta una cantidad igual al monto de la cantidad vencida y no pagada, sin necesidad de requerimiento, aviso o demanda alguna, de cualquier naturaleza. "EL BANCO" notificará a "EL CLIENTE", tan pronto como le sea posible, de cualquier cargo o compensación que hayan efectuado conforme a las instrucciones irrevocables contenidas en esta cláusula, en el entendido que la falta de dicha notificación no afectará en forma alguna la validez de dicho cargo o compensación; y

(ii) cargue en cualquier cuenta que "EL BANCO" le opere o llegue a operarle, incluyendo depósitos y/o cuentas a la vista, de ahorro, a plazo, provisionales o definitivas, cuentas de inversión cualesquiera que éstas sean, todos los adeudos vencidos e insolutos a cargo de "EL CLIENTE" por concepto de principal, intereses,

[sic] in advance of the day it takes effect, in any of the following cases (each of said events referred to as an "Event of Early Termination,") without any lawsuit, court resolution or service of process or other notice of any nature being needed, and "CLIENT" explicitly waives them:

1. If "CLIENT" fails to timely pay and in full any overdue amortization of principal, interest accrued or fees or expenses arising hereunder and in connection with "CREDIT".

2. If "CLIENT" fails to comply with any of its obligations under this agreement, including but not limited to the affirmative and negative covenants stipulated herein, and/or if "CLIENT" breaches other agreements or obligations entered with "BANK" or which "CLIENT" may enter into therewith in the future;

3. If "CLIENT" breaches any other agreements or obligations executed or to be subsequently executed with any affiliate or subsidiary of "BANK", Banco Bilbao Vizcaya Argentaria, S.A. or Grupo Financiero BBVA México, S. A de C. V., and for those events set forth in the General Negotiable Instruments and Credit Operations Law.

SECTION FOURTEEN.

IRREVOCABLE INSTRUCTION TO DEBIT OR SETTLE FROM ACCOUNT(S). Without prejudice to the foregoing, "THE PARTIES" agree that "BANK" is irrevocably authorized and instructed, in the event "CLIENT" fails to fulfill any payment on any day "CLIENT" must pay "BANK" any sum under this "CREDIT" agreement, to:

(i) settle any unpaid and overdue debt "BANK" may hold to its benefit and payable by "CLIENT" for any concept, and precisely up to a sum similar to the past due and unpaid amount, without any demand, notice or action of any type being needed. "BANK" shall notify "CLIENT", as soon as practical, of any debit or settlement executed in accordance with irrevocable instructions contained in this section, on the understanding that validity of said debit or settlement will not be affected for failure to give that notice; and

(ii) debit from any account handled or to be handled by "BANK", including deposits, and/or demand savings, term, temporary or definitive, accounts, investment accounts of any type, all overdue and unpaid debts payable by "CLIENT" for principal, interest, fees, comisiones, gastos y accesorios derivados de este "CRÉDITO".

Los derechos de "EL BANCO" conforme a esta cláusula son adicionales a cualquier otro derecho (incluyendo otros derechos de compensación) que el mismo puedan tener.

DECIMA QUINTA.

CESIÓN DEL CREDITO. Este contrato surtirá sus efectos una vez que haya sido suscrito por "EL CLIENTE" y "EL BANCO" y posteriormente obligará y beneficiará a "EL CLIENTE" y a "EL BANCO" y a sus respectivos sucesores y cesionarios según sea el caso, "EL CLIENTE" no podrá ceder sus derechos u obligaciones conforme a este contrato, ni interés en el mismo sin el consentimiento previo y por escrito de "EL BANCO". "EL BANCO" por su parte, podrá transmitir, ceder o negociar este "CRÉDITO", y el(los) documento(s) con que se acredite(n) la(s) disposición(es) respectiva(s) y en la medida de dicha cesión, al cesionario le corresponderán en contra de "EL CLIENTE" los mismos derechos y beneficios que tendría si fuera "EL BANCO" en este contrato. "EL BANCO" deberá notificar a "EL CLIENTE" en un plazo no menor al de 90 (noventa) días previos a formalizar dicha cesión, sin que sea necesario el consentimiento de este último.

DÉCIMA SEXTA

RESTRICCIÓN Y DENUNCIA. "LAS PARTES" acuerdan que, en términos del artículo 294 de la Ley General de Títulos y Operaciones de Crédito, "EL BANCO" está facultado para restringir tanto el importe del crédito, como el plazo a que tiene derecho "EL CLIENTE" en el presente contrato, en cualquier momento y mediante aviso por escrito que entregue a "EL CLIENTE", en términos del presente instrumento.

En consecuencia, "LAS PARTES" acuerdan que en caso de denuncia de este contrato, el "CRÉDITO" se extinguirá en la parte en que "EL CLIENTE" no hubiere dispuesto, se darán por vencidos anticipadamente los plazos pactados y "EL CLIENTE" deberá pagar a "EL BANCO" de inmediato, el importe de las sumas de que haya dispuesto, más las que le adeude por cualquier otro concepto.

CAPITULO SEGUNDO
MEDIOS ELECTRÓNICOS

TITULO I

USO DE MEDIOS ELECTRÓNICOS

DECIMA SÉPTIMA.

CONSENTIMIENTO POR MEDIOS ELECTRÓNICOS. "EL CLIENTE" conoce y acepta que la manifestación de su consentimiento, respecto de los actos convenidos en este contrato, lo expresarán a través: *(i)* de información generada, enviada, recibida, archivada o comunicada,

expenses and ancillary charges arising from this "CREDIT".

"BANK'S " rights under this section are in addition of any other right (including settlement rights) "BANK" may have.

SECTION FIFTEEN.

ASSIGNMENT OF CREDIT. This Agreement will take effect once it has been signed between "CLIENT" and "BANK," and will subsequently be binding upon and be beneficial to "CLIENT" and "BANK," and their respective successors and assigns, as applicable. "CLIENT" may not assign its rights or obligations under this agreement or any interest herein without prior consent in writing from "BANK". For its part, "BANK" may transfer, assign or negotiate this "CREDIT", and the document(s) evidencing the applicable drawdown(s.) To the extent of that assignment, assignee shall be entitled to the same rights and benefits against "CLIENT" assignee would have as if it were "BANK" in this agreement. "BANK" shall notify "CLIENT" within a period no less tan ninety (90) days prior to formalizing that assignment, and no consent by "CLIENT" will be needed.

SECTION SIXTEEN

RESTRICTION AND UNILATERAL TERMINATION. "THE PARTIES" agree that under Article 294 of the General Negotiable Instruments and Credit Operations Law, "BANK" is authorized to restrict both the credit amount, and also the term "CLIENT" is entitled to hereunder, at any time, by giving notice in writing to "CLIENT", under the terms of this Agreement.

Consequently, "THE PARTIES" agree that in the event of a unilateral termination of this Agreement, the portion of "CREDIT" that "CLIENT" has not drawn down will be nullified, the agreed term will be deemed early expired, and "CLIENT" must immediately pay "BANK" the total amounts that "CLIENT" has drawn down plus the amounts "CLIENT" owes "BANK" for any other item.

CHAPTER TWO
ELETRONIC MEANS

TITLE I

USE OF ELECTRONIC MEANS

SECTION SEVENTEEN.

CONSENT THROUGH ELECTRONIC MEANS. "CLIENT" acknowledges and agrees that the statement of its consent to the acts agreed upon in this agreement shall be expressed through: *(i)* the information produced, sent, received, filed or disclosed, through a través de medios electrónicos, ópticos o de cualquier otra tecnología (en lo sucesivo "MENSAJE DE DATOS") *(ii)* del uso de claves y contraseñas previamente convenidas entre "LAS PARTES"; y *(iii)* del uso de equipos de cómputo y sistemas automatizados conforme a lo establecido en este contrato y en el(los) contrato(s) que "EL CLIENTE" tiene celebrado con "EL BANCO" para el uso y operación del "SISTEMA" referido en las declaraciones de este instrumento.

DECIMA OCTAVA.

SUSTITUCIÓN DE LA FIRMA AUTÓGRAFA. En virtud a lo estipulado en la cláusula anterior, "EL BANCO" y "EL CLIENTE" convienen en términos de lo establecido en las legislaciones aplicables, que el uso de los medios de identificación electrónicos previstos en este instrumento y las operaciones realizadas mediante la transmisión de "MENSAJES DE DATOS" a través del empleo de las claves y contraseñas en el "SISTEMA", sustituirán la firma autógrafa, tendrán pleno valor probatorio y fuerza legal para acreditar la(s) disposiciones del "CREDITO", el importe de la(s) misma(s), las tasas de intereses y producirán los mismos efectos que las leyes otorgan a los documentos correspondientes y, en consecuencia, tendrán el mismo valor probatorio.

DÉCIMA NOVENA

AUTORIZACIÓN PARA LA REALIZACIÓN DE DISPOSICIÓN POR MEDIOS ELECTRÓNICOS. Asimismo, y para todos los efectos legales a que haya lugar, "EL CLIENTE" conviene con "EL BANCO" en que se entenderán autorizadas y facultadas por cuenta y orden de "EL CLIENTE" a todas y cada una de las personas que realicen las operaciones por medios electrónicos materia de este instrumento, proporcionando los datos de las claves y contraseñas que con "EL BANCO" tiene establecidas, liberando a "EL BANCO" de cualquier responsabilidad derivada del uso indebido de dichos medios.

"LAS PARTES" convienen en que el uso de las claves y contraseñas sirven de medios de autentificación, identificación y expresión del consentimiento de "EL CLIENTE" en el "SISTEMA" y que éstas serán utilizadas en sustitución del nombre y la firma autógrafa de "EL CLIENTE". "EL BANCO" se basará en ellos de la misma manera y para los mismos propósitos y alcances.

VIGÉSIMA.

MODIFICACIONES A LOS MEDIOS ELECTRÓNICOS. "EL BANCO" podrá en todo momento mejorar la calidad de sus servicios estableciendo modificaciones a las reglas del "SISTEMA" y/o a los procedimientos de acceso e identificación, con previo aviso a "EL CLIENTE" ya sea por escrito, mediante el "SISTEMA" o por cualquier otro medio, con 7 (SIETE) días hábiles de anticipación a la

electronic and optical means or through any other technology ("DATA MESSAGE"), *(ii)* use of user IDs and passwords previously agreed upon between "THE PARTIES"; and *(iii)* use of computer equipment and automated systems as set out in this agreement and in the agreement(s) executed by "CLIENT" with "BANK" to use and operate the "SYSTEM" referred to in representations of this agreement.

SECTION EIGHTEEN.

SUBSTITUTION OF AUTHENTIC SIGNATURE. Due to the provisions in prior Section, "BANK" agree, under the provisions in applicable laws, that the use of electronic identification means set out in this agreement and the transactions carried out through the transmission of "DATA MESSAGES" by the use of User IDs and passwords in "SYSTEM" shall substitute for the authentic signature and shall have full evidentiary weight and legal force to prove drawdowns of "CREDIT", the amount thereof, interest rates and, they shall have the same force and effect that the applicable documents have, according to the law; therefore, they shall also have the same evidentiary weight.

SECTION NINETEEN

AUTHORIZATION FOR DRAWDOWNS THROUGH ELECTRONIC MEANS. Also, for all ensuing legal purpose, "CLIENT" agrees with "BANK" that each and every person carrying out transactions by electronic means the purpose hereof shall be deemed as authorized and empowered on behalf and in the name of "CLIENT," and shall be providing the User IDs and passwords created with "BANK," and "CLIENT" releases "BANK" from any liability arising from the misuse of those means of access.

"THE PARTIES" agree that use of user ID's and passwords serve as authentication, ID and consent means by "CLIENT" in "SYSTEM," and that those will be used to substitute for the name and authentic signature of "CLIENT". "BANK" will be based thereupon in a similar manner and for the same aims and scopes.

SECTION TWENTY.

CHANGES ON ELECTRONIC MEANS. "BANK" may at any time improve the quality of the services by amending the rules to operate the "SYSTEM" and/or the access and identification procedures, by giving prior notice to "CLIENT", either in writing, through "SYSTEM" or any other mean SEVEN (7) days in advance of the effective date of changes. It shall be deemed "CLIENT" fecha de entrada en vigor de las mismas, de quien se entenderá su aceptación mediante la utilización que haga de dicho "SISTEMA" después de que éstas hayan entrado en vigor.

"LAS PARTES" convienen que "EL BANCO" podrá fijar libremente las bases, requisitos y condiciones de operación del "SISTEMA", así como los días y el horario de su operación.

VIGÉSIMA PRIMERA.

CONSULTA DEL CREDITO. La información que "EL BANCO" proporcione a "EL CLIENTE", a través del "SISTEMA", corresponderá a la que en sus registros y sistemas aparezca a esa fecha. En los estados de cuenta de la "CUENTA DE CHEQUES" que se envíen a "EL CLIENTE", se hará constar e identificarán las operaciones realizadas al amparo de este servicio, mediante los cargos y abonos correspondientes.

Las observaciones al estado de cuenta las formulará "EL CLIENTE" en la forma y los términos establecidos en el contrato que rige dicha operación.

VIGÉSIMA SEGUNDA.

LIBERACIÓN DE RESPONSABILIDAD. En ningún caso "EL BANCO" será responsable de algún daño, incluyendo sin límite, daños, pérdidas, gastos directos, indirectos, inherentes o consecuentes que surjan en relación con el sitio web, la página de internet, el "SISTEMA" o cualquier medio convenido por "LAS PARTES" por el uso o imposibilidad de uso por alguna de "LAS PARTES", o en relación con cualquier falla en el rendimiento, error, omisión, interrupción, defecto, demora en la operación o transmisión, virus de computadora o falla de sistema o línea.

VIGÉSIMA TERCERA.

REGULACIÓN EN LAS OPERACIONES REALIZADAS POR MEDIOS ELECTRÓNICOS. Las operaciones que se llevan a cabo conforme a lo señalado en el presente título, se regirán siempre y sin excepción alguna, por los términos y condiciones generales establecidos en éste instrumento y por la legislación aplicable a este tipo de operaciones.

TITULO II
FORMA DE LA OPERACIÓN EN EL SISTEMA

VIGÉSIMA CUARTA.

MECÁNICA OPERATIVA. Para efecto de lo señalado en el presente título, "EL BANCO" y "EL CLIENTE" convienen lo siguiente:

A. PARA EL SERVICIO DE BANCA EN LÍNEA.

1. Al momento de ingresar al "SISTEMA", "EL CLIENTE" deberá apegarse al procedimiento

agrees therewith by using said "SYSTEM" once the said changes have taken effect.

"THE PARTIES" agree that "BANK" may freely establish the bases, requirements and conditions for operating the "SYSTEM", as well as the days and time for such operation.

SECTION TWENTY-ONE.

ENQUIRY ON CREDIT. The information that "BANK" provides to "CLIENT" through the "SYSTEM", shall match to the one displayed in its records and systems as of such date. The account statements of the "CHECKING ACCOUNT" sent to the "CLIENT" shall show and identify the transactions conducted according to these services, through the respective debits and credits.

Comments on such account statements issued by "CLIENT" shall be made according to the manner and terms set forth in each of the agreements governing said transaction.

SECTION TWENTY-TWO.

RELEASE OF LIABILITY. In no event, "BANK" shall be responsible for any damages, including but not limited to damages, losses, direct, indirect, essential or consequential expenses arising from the Web site, Internet page, "SYSTEM" or any other mean agreed upon by "THE PARTIES" or use or any failure in the performance, error, omission, interruption, defect, delay in the transaction or transmission, computer virus or system or on-line fault.

SECTION TWENTY-THREE.

REGULATING TRANSACTIONS PERFORMED THROUGH ELECTRONIC MEANS. Transactions performed as stated herein shall be governed, at all times and without any exception whatsoever, by the general terms and conditions set out in this agreement, and in the laws applicable to transactions of this type.

TITLE II
MODE TO OPERATE SYSTEM

SECTION TWENTY-FOUR.

OPERATING MECHANISM. For the purpose set forth in this title, "BANK" and "CLIENT" agree as to the following:

A. FOR ON-LINE BANKING.

1. When logging in "SYSTEM, "CLIENT" shall follow the proceeding described in the electronic banking contract signed by "CLIENT" with "BANK."

descrito en el contrato de banca electrónica que tiene celebrado con “EL BANCO”.

2. “EL CLIENTE” reconoce y acepta el carácter personal y confidencial de las “CLAVES DE ACCESO” y la “CLAVE DE OPERACIÓN”.

B. PARA BBVA NET CASH.

1. Para ingresar al "SISTEMA", "EL CLIENTE" deberá tener dado de alta el servicio del “CRÉDITO” en el “SISTEMA”, así como las cuentas asociadas a éste.

2. Para ingresar al “SISTEMA”, "EL CLIENTE" deberá llevar a cabo el procedimiento de acceso contemplado en la cláusula denominada MEDIOS DE ACCESO AL SISTEMA, del contrato BBVA net cash mencionado en la declaración 8 (OCHO) del presente contrato.

C. PARA AMBAS MODALIDADES DEL SISTEMA.

3. "EL BANCO" identificará a "EL CLIENTE" en el "SISTEMA", con la "CLAVE DE USUARIO BANCA EN LÍNEA" o "CLAVE DE USUARIO BBVA NET CASH” (en lo sucesivo las CLAVES DE USUARIO) y su "CLAVE DE ACCESO BANCA EN LÍNEA" o "CLAVE DE ACCESO, CÓDIGO DE REFERENCIA T OTP BBVA NET CASH (en lo sucesivo las CLAVES DE ACCESO), después de autentificarle por medio de diversos elementos, dependiendo del medio utilizado para la conexión a sus sistemas de cómputo.

4. "EL CLIENTE" invariablemente para realizar cualesquiera de las operaciones estipuladas en este contrato, deberá proporcionar un número de identificación y OTP para BBVA net cash (en lo sucesivo "CLAVE DE OPERACIÓN").

5. "EL CLIENTE" reconoce y acepta el carácter personal y confidencial de las "CLAVES DE ACCESO" y "CLAVE DE OPERACIÓN" (en lo sucesivo la "CONTRASEÑA").

6. Cada vez que "EL CLIENTE" realice disposiciones del "CREDITO" por medio del "SISTEMA", lo ratificará, para BBVA net cash conforme al procedimiento contemplado en el “SISTEMA” y en el contrato BBVA net cash mencionado en la declaración 8 (OCHO) de “EL CLIENTE”, y para la Banca en Línea, identificándose con su "CLAVE DE OPERACIÓN", haciendo constar en su "MENSAJE DE DATOS" la leyenda siguiente:

CONSENTIMIENTO DE LA DISPOSICIÓN

Al oprimir el botón de "DISPONER" usted manifiesta su voluntad de disponer y efectivamente dispone de la cantidad indicada bajo las condiciones que establece esta pantalla y el contrato de crédito que usted celebró

2. “CLIENT” acknowledges and agrees with the personal and confidential nature of “USER IDs” and “TRANSACTION CODE.”

B. FOR BBVA NET CASH.

1. To be able to log in "SYSTEM", "CLIENT" must be signed up for the "CREDIT" service in "SYSTEM", and also the accounts associated therewith.

2. To log on “SYSTEM”, "CLIENT" shall follow the access procedure stipulated in section entitled MEANS TO ACCESS SYSTEM, of the BBVA net cash contract referred to in representation EIGHT (8) of this agreement..

C. FOR BOTH SYSTEM METHODS.

3. "BANK" shall identify "CLIENT" in "SYSTEM" based on the "USER’S ID ON-LINE BANKING" or "USER'S ID BBVA NET CASH" ("USER IDs"), and its "PASSWORD ON-LINE BANKING" or "PASSWORD, REFERENCE CODE T OTP BBVA NET CASH" ("PASSWORD") after authenticating it through different elements, based on the mean used for the connection to its computer systems.

4. "CLIENT" shall invariably provide the identification number and OTP for BBVA net cash (“TRANSACTION CODE”) for conducting any of the transactions contemplated herein.

5. "CLIENT" acknowledges and agrees with the personal and confidential aspect of its “USER IDs” and “TRANSACTION CODE” ("PASSWORD.")

6. Each time "CLIENT" executes drawdowns of "CREDIT" through "SYSTEM", "CLIENT" shall ratify that to BBVA net cash, in accordance with the procedure shown in “SYSTEM” and in BBVA net cash agreement mentioned in representation EIGHT (8) by "CLIENT", and for On-line Banking, by identifying itself with its "TRANSACTION CODE", and evidencing in its "DATA MESSAGE " the following legend:

CONSENT FOR DRAWDOWN

By pressing the "DRAW DOWN" button, you express your wish to draw down and you actually draw down the stated amount, in accordance with the conditions stipulated on this screen and in the credit agreement you previously signed with BBVA México, S.A.

previamente con BBVA México, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA México.

Posteriormente aparecerá la siguiente leyenda:

CONFIRMACIÓN DE LA DISPOSICIÓN

Confirmamos que usted realizó una disposición en los términos y bajo las condiciones que señala esta pantalla y el contrato de crédito que usted celebró previamente con BBVA México, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA México.

7. Si la "CLAVE DE OPERACIÓN" es correcta, "EL BANCO" por conducto del "SISTEMA", depositará a "EL CLIENTE" en la "CUENTA DE CHEQUES", el monto del "CRÉDITO" solicitado.

Asimismo "LAS PARTES" convienen, para todos los efectos legales a que haya lugar, en que los MENSAJES DE DATOS en que consten las disposiciones del "CRÉDITO" que "EL CLIENTE" realice al amparo del presente contrato a través del "SISTEMA", se tendrán por expedidos y recibidos en la Ciudad de México, lugar en donde se encuentra "EL SISTEMA", en términos de la legislación federal aplicable.

VIGÉSIMA QUINTA.

OPERACIONES REALIZADAS POR MEDIOS ELECTRÓNICOS. "EL BANCO" registrará en el "SISTEMA" las disposiciones que "EL CLIENTE" realice del "CRÉDITO", así como de los pagos que realice.

VIGÉSIMA SEXTA.

INFORMACIÓN SOBRE LA LÍNEA DE CREDITO. Durante toda la vigencia del presente contrato y, en su caso, de sus prórrogas, "EL CLIENTE" podrá consultar por medio del "SISTEMA", la información que "EL BANCO" mantendrá registrada en los mismos, respecto de su línea de "CRÉDITO", debiendo sujetarse "EL CLIENTE" en dichas consultas a los procedimientos, plazos y estipulaciones aplicables a dichos medios de cómputo.

CAPITULO TERCERO
PROCEDIMIENTO EXCEPCIONAL DE DISPOSICIÓN

VIGÉSIMA SÉPTIMA.

AVISO(S) DE DISPOSICIÓN. "EL BANCO" y "EL CLIENTE" convienen que de manera excepcional y/o en caso de falla del "SISTEMA", "EL CLIENTE" podrá disponer del "CRÉDITO" mediante la firma de "AVISO(S) DE DISPOSICIÓN", cuyos vencimientos se ajustarán a lo dispuesto en la cláusula CUARTA del presente instrumento.

De igual manera "EL BANCO" y "EL CLIENTE"; convienen en caso de falla del "SISTEMA", que "EL CLIENTE" podrá realizar recalendarizaciones mediante

Institución de Banca Múltiple, Grupo Financiero BBVA México.

Then the following legend will appear:

DRAWDOWN CONFIRMATION

We confirm you made a drawdown in accordance with the terms and conditions mentioned in this screen and the credit agreement previously signed between you and BBVA México, S.A. Institución de Banca Múltiple, Grupo Financiero BBVA México.

7. If "TRANSACTION CODE" is correct, "BANK" through "SYSTEM", shall deposit to "CLIENT" in "CHECKING ACCOUNT", the amount of requested "CREDIT".

Likewise, "THE PARTIES" agree that, for all legal purposes, the DATA MESSAGES evidencing drawdowns of "CREDIT" executed by "CLIENT" under this agreement through "SYSTEM", said messages shall be deemed issued and received in Mexico City where "SYSTEM" is located, in accordance with applicable federal law.

SECTION TWENTY-FIVE.

TRANSACTIONS EXECUTED THROUGH ELECTRONIC MEANS. "BANK" shall register in the "SYSTEM" all drawdowns on "CREDIT" executed by "CLIENT", and all payments made thereby.

SECTION TWENTY-SIX.

INFORMATION ON CREDIT FACILITY. During the whole term of this agreement, and of any extensions, if any, "CLIENT" may enquire through the "SYSTEM", any information kept therein by "BANK" and related to its "CREDIT" facility, and "CLIENT" shall, for said enquiries, follow the procedures, terms and provisions applicable to said computer means.

CHAPTER THREE
EXCEPTIONAL DRAWDOWN PROCEDURE

SECTION TWENTY-SEVEN.

DRAWDOWN NOTICE(S). "BANK" and "CLIENT" agree that, in an exceptional manner and only in case of failures in the electronic means or in "SYSTEM", "CLIENT" may draw down the "CREDIT" by signing the "DRAWDOWN NOTICE(S)", and their due dates shall be adjusted in accordance with provisions of section FOUR of this agreement.

Likewise, "BANK" and "CLIENT" agree that in the event of a "SYSTEM" failure, "CLIENT" may perform rescheduling by signing "RESCHEDULING la firma de “AVISO(S) DE RECALENDARIZACIÓN”, los cuales se ajustarán de acuerdo a lo señalado en la cláusula QUINTA del presente instrumento.

CAPITULO CUARTO
DISPOSICIONES GENERALES

VIGÉSIMA OCTAVA.

DOMICILIOS Y NOTIFICACIONES.

(a) Todos los avisos y comunicaciones relacionados con el presente Contrato se harán por escrito, en idioma español, y deberán entregarse en original en el domicilio que el destinatario correspondiente hubiere señalado a continuación.

(b) Todas las ***notificaciones y*** diligencias ***judiciales y*** extrajudiciales, incluyendo, sin limitar ***fes de hechos***, interpelaciones notariales y diligencias de requerimiento de pago, embargo y emplazamiento a juicio, que se realicen con respecto al presente Contrato, se harán en el domicilio convencional señalado por las partes a continuación:

“EL BANCO” podrá optar por enviar los avisos y comunicaciones a los correos electrónicos señalados a continuación:

“EL CLIENTE”:

Domicilio: Avenida Antea número 1032, interior 14, Colonia Jurica, Querétaro, Querétaro, C.P 76100.

Atención: Rosalva Pérez Nuñez

Dirección electrónica: rosalva.Perez@pilgrims.com

“EL BANCO”

Paseo de la Reforma 510

Col. Juárez, Demarcación Territorial Cuauhtémoc C.P. 06600 Ciudad de México, México.

(c) Los avisos o comunicaciones que se entreguen en el domicilio de las partes surtirán efectos cuando sean entregadas.

(d) Queda expresamente convenido que “EL CLIENTE” solamente podrán modificar el domicilio señalado en la presente cláusula mediante aviso conjunto por escrito dado al “BANCO” con por lo menos 30 días de anticipación a que surta efectos el cambio respectivo, en términos sustancialmente similares al que se menciona en el inciso (f) de esta cláusula. El incumplimiento de lo establecido en la presente Cláusula constituirá una causa de vencimiento anticipado del presente Contrato para todos los efectos aplicables.

Adicionalmente “EL CLIENTE” deberá notificar al “BANCO” el cambio de persona de contacto y/o de dirección de correo electrónico.

NOTICE(S)”, which notices shall be adjusted in accordance with that mentioned in section FIVE of this agreement.

CHAPTER FOUR
MISCELLANEOUS

SECTION TWENTY-EIGHT.

ADDRESSES AND NOTICES.

(a) All notices and communications related to this Agreement shall be made in writing, in the Spanish language, and an original copy shall be delivered at the address the applicable recipient has designated hereinbelow.

(b) All **court** and out-of-court ***notices and*** service of summons, including, but not limited to, ***notarial certifications of facts***, service of notarial demand of performance of an obligation, and service of demand of payment, attachment proceedings and service of process, carried out in regard to this Agreement, shall be executed at the address for notices designated by the parties below:

“BANK” may choose to deliver notices and communications to the electronic mails designated below:

“IF TO CLIENT”:

Address: Avenida Antea number 1032, interior 14, Colonia Jurica, Querétaro, Querétaro, C.P 76100.

Attention: Rosalva Pérez Nuñez

Electronic address: rosalva.Perez@pilgrims.com

“IF TO BANK”

Paseo de la Reforma 510

Col. Juárez, Demarcación Territorial Cuauhtémoc C.P. 06600 Ciudad de México, Mexico.

(c) Any notices or communications delivered at the address of the parties shall take effect upon delivery thereof.

(d) It is explicitly agreed that “CLIENT” may only change the address designated in this section with a joint notice given to “BANK” at least 30 days in advance of the date the applicable change takes effect, in accordance with terms substantially similar to that stipulated in paragraph (f) of this section. Breach of provisions in this Section will give rise to an event to early terminate this Agreement for all applicable effects.

In addition, “CLIENT” shall notify “BANK” of any change in contact person and/or electronic mail address.

(e) "EL BANCO" podrá notificar a las demás partes de este instrumento cambios en su domicilio mediante aviso por escrito, medios electrónicos o por correo electrónico, en el entendido que, mientras no realice tal notificación, los avisos y comunicaciones entregados en el domicilio señalado en el presente documento surtirán plenos efectos legales.

(e) "BANK" may notify the other parties hereto of changes in its address by giving notice in writing, or through electronic means or electronic mail, on the understanding that while no such notice is given, all notices and communications delivered at the address designated in this agreement shall take full legal effects.

(f) Formato de aviso de cambio de domicilio:

(f) Form of notice to change of address:

Por medio de la presente, conforme a la cláusula ______ de Domicilios y Notificaciones, le informo bajo protesta de decir verdad que el domicilio que se señaló para oír y recibir notificaciones por parte de ___________ [nombre de la empresa] ha cambiado, siendo el domicilio real y actual el ubicado en ___________________________________.

I, being duly sworn, hereby inform, under section ______ on Addresses and Notices, that the address for service of process designated by ___________ [company name] has changed, and that its current and effective address is at ___________________________________.

Se reitera que el domicilio señalado es el domicilio para llevar a cabo todas las diligencias extrajudiciales y judiciales, incluyendo, sin limitar, interpelaciones notariales y diligencias de requerimiento de pago, embargo y emplazamiento a juicio, que se realicen con respecto al presente Contrato respecto de las personas que firman el contrato.

It is confirmed that above stated address is the address to carry out all court and out-of-court service of summons, including but not limited to, service of notarial certifications of facts, service of notarial demand of performance of an obligation, and service of demand of payment, attachment proceedings and service of process, carried out in regard to this Agreement and related to the persons who sign this Agreement.

VIGÉSIMA NOVENA.

SECTION TWENTY-NINE.

TITULO EJECUTIVO. El presente contrato, conjuntamente con el estado de cuenta certificado por el Contador de "EL BANCO", será título ejecutivo, de conformidad con lo dispuesto por el Artículo 68 (SESENTA Y OCHO) de la Ley de Instituciones de Crédito.

EXECUTORY INSTRUMENT. This agreement, together with the account statement certified by "BANK'S" Accountant, shall be the executory instrument, as per the provisions of Article SIXTY-EIGHT (68) of the Mexican Banking Law.

TRIGÉSIMA.

SECTION THIRTY.

LEYES Y TRIBUNALES. Este contrato se rige de acuerdo a las Leyes de los Estados Unidos Mexicanos, particularmente por lo previsto en la Ley de Instituciones de Crédito, la Ley General de Títulos y Operaciones de Crédito y sus Leyes Supletorias.

GOVERNING LAWS AND COMPETENT COURTS. This agreement is governed by the Laws of the United Mexican States, specifically by the provisions of the Mexican Banking Law, the General Negotiable Instruments and Credit Operations Law and their supplementary Laws.

Asimismo, para todo lo relativo a la interpretación, ejecución y cumplimiento del presente contrato, "LAS PARTES" se someten a la jurisdicción y competencia de los Tribunales de la Ciudad de México.

Also, for the construction, performance and fulfillment of this agreement, "THE PARTIES" submit to the jurisdiction of the competent Courts of Mexico City.

TRIGÉSIMA PRIMERA.

SECTION THIRTY-ONE.

IDIOMA. El presente contrato se suscribe en versiones español e inglés. En caso de cualquier conflicto entre "LAS PARTES" o en caso de duda en cuanto a la correcta interpretación de este contrato, la versión en español prevalecerá y la versión en inglés será considerada para propósitos informativos entre "LAS PARTES".

LANGUAGE. This agreement is signed with versions in the Spanish and English languages. In the event of any dispute between "THE PARTIES" or of any question as to the proper construction of this agreement, the version in the Spanish language shall prevail, and the version in the English language shall be deemed for information purpose between "THE PARTIES".

El presente contrato se firma por "LAS PARTES" en la ciudad de Querétaro, Querétaro, el día 15 quince de agosto del 2023 dos mil veintitrés.	This Agreement is signed by "THE PARTIES" in the city of Querétaro, Querétaro, on the fifteenth 15th day of August, Two thousand twenty-three 2023.
"EL BANCO" **"BBVA MÉXICO" SOCIEDAD ANÓNIMA, INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO BBVA MÉXICO,** **REPRESENTADO POR:**	**"BANK"** **"BBVA MÉXICO" SOCIEDAD ANÓNIMA, INSTITUCIÓN DE BANCA MÚLTIPLE, GRUPO FINANCIERO BBVA MÉXICO,** **REPRESENTED BY:**

/s/ Marcos Gabriel Niño Galindo	/s/ Carolina Guadalupe Rodríguez Solis	/s/ Marcos Gabriel Niño Galindo	/s/ Carolina Guadalupe Rodríguez Solis
MARCOS GABRIEL NIÑO GALINDO	**CAROLINA GUADALUPE RODRÍGUEZ SOLÍS**	**MARCOS GABRIEL NIÑO GALINDO**	**CAROLINA GUADALUPE RODRÍGUEZ SOLÍS**

"EL CLIENTE": **"PILGRIM'S PRIDE" SOCIEDAD DE RESPONSABILIDAD LIMITADA DE CAPITAL VARIABLE, REPRESENTADO POR:**	**"CLIENT":** **"PILGRIM'S PRIDE" SOCIEDAD DE RESPONSABILIDAD LIMITADA DE CAPITAL VARIABLE, REPRESENTED BY:**
/s/ Héctor René Durán Mantilla	/s/ Héctor René Durán Mantilla
HÉCTOR RENÉ DURÁN MANTILLA	**HÉCTOR RENÉ DURÁN MANTILLA**

“ANEXO A”

FORMATO DE DECLARACIONES Y CLAUSULADO DE CRÉDITO SOSTENIBLE

(Financiamientos sustentables)

DECLARACIONES DE “EL CLIENTE”.

…….)- “EL CLIENTE” acepta y reconoce, sostener a la fecha de firma del presente contrato relación con la Sociedad denominada _________________ ***(Indicar la denominación completa de la Sociedad sin abreviaturas),*** (en lo sucesivo “EL EXPERTO VERIFICADOR”), quien cuenta con sistemas de evaluaciones sobre indicadores de sostenibilidad ambiental y social,; quien analizará y cuantificará el nivel de responsabilidad y cumplimiento, respecto de procesos de sostenibilidad de “EL CLIENTE”, relacionados con el presente contrato.

……)- “EL CLIENTE” acepta y tiene pleno conocimiento que “EL EXPERTO VERIFICADOR”, con quien tiene relación, se encuentra dentro de los parámetros y lineamientos, que marca la normativa interna de “EL BANCO”.

…….)- “EL CLIENTE”, manifiesta que “EL BANCO” no tiene o tendrá relación jurídica alguna con “EL EXPERTO VERIFICADOR”.

…….)- “EL CLIENTE” se obliga, mientras el presente contrato se encuentre vigente y en su caso de sus respectivos convenios modificatorios, a mantener la relación con “EL EXPERTO VERIFICADOR”, siempre y cuando desee contar con “EL BENEFICIO” (definición que se contempla en la cláusula Crédito Sostenible).

CLÁUSULAS

PRIMERA BIS. - CRÉDITO SOSTENIBLE. “EL CLIENTE” acepta recibir una reducción en la Tasa de Interés (prima o descuento sobre el margen aplicable de +/- [**] % (“X” por ciento) anual) como beneficio económico (en lo sucesivo “EL BENEFICIO”), por considerarse el presente “CRÉDITO” como un Crédito Sostenible (en lo sucesivo “CRÉDITO SOSTENIBLE”). La reducción en la tasa antes señalada podrá aplicar durante la vigencia del presente “CRÉDITO”, siempre y cuando “EL CLIENTE” cumpla con las revisiones respectivas del(de los) KPI (Key Performance Indicator, por sus siglas en inglés) sustentable(s) definido(s), en la presente cláusula, (en lo sucesivo “EL(LOS) KPI(S) SUSTENTABLE(S)”).

“EL CLIENTE”, deberá proporcionar el(los) reporte(s) de certificación de forma anual, del Indicador de _________________ ***(señalar el KPI sustentable autorizado),*** realizada por “EL EXPERTO VERIFICADOR” (en lo sucesivo el “REPORTE”). La entrega del ”REPORTE” deberá realizarse por medio de documento por escrito (en físico) a “EL BANCO”.

“EXHIBIT A”

FORM OF REPRESENTATIONS AND SECTIONS FOR A SUSTAINABLE CREDIT

(Sustainable Financing)

REPRESENTATIONS OF “CLIENT”.

…….)- “CLIENT” accepts and acknowledges to hold, on the date this agreement is executed, a relationship with Company with name_________________ ***(Insert the full name of Company, without abbreviations),*** (“EXPERT REVIEWER”), which Company has assessment systems on environmental and social sustainability indicators, and which will analyze and quantify the level of responsibility and compliance with respect to the sustainability processes of “CLIENT” in relation to this agreement.

……)- “CLIENT” accepts, and has been informed in full that “EXPERT REVIEWER” with which it has a relationship is found to be within the parameters and guidelines set forth in the internal regulations of “BANK”.

…….)- “CLIENT” represents that “BANK” does neither have, nor will have, any legal relationship whatsoever with “EXPERT REVIEWER”.

…….)- “CLIENT” binds itself, as long as this agreement is effective and, if applicable, of its respective amendment agreements, to maintain a relationship with “EXPERT REVIEWER”, provided, however, it intends to have “THE BENEFIT” (this definition is set forth in the section of Sustainable Credit)

SECTIONS

SECTION ONE BIS. – SUSTAINABLE CREDIT. “CLIENT” accepts to receive a reduction in the Interest Rate (premium or discount on the applicable margin of +/- [**] % (“X” percent) as an economic benefit (“BENEFIT”), insofar that this “CREDIT” is considered as a Sustainable Credit (“SUSTAINABLE CREDIT”). The reduction in the aforesaid rate may apply during the term of this “CREDIT”, provided, however, that “CLIENT” complies with the respective revisions of the sustainable KPIs (Key Performance Indicators) defined in this section (“SUSTAINABLE KPIs”)

“CLIENT” shall provide the report(s) of certification on an annual basis, of the Indicator of _________________ ***(indicate the sustainable KPI authorized),*** carried out by “EXPERT REVIEWER” (“REPORT”). The delivery of the ”REPORT” shall be made through a written (physical) document to “BANK”.

En el supuesto de que “EL CLIENTE”, no cumpla con “EL(LOS) KPI(S) SUSTENTABLE(S)” de acuerdo con los criterios establecidos en el “REPORTE”, o si “EL CLIENTE” no proporciona a “EL BANCO” el(los) “REPORTE”, en la forma y en los tiempos previamente pactados, “EL CLIENTE” perderá “EL BENEFICIO”. En ese caso la tasa aplicable será la originalmente pactada, que se indica en la cláusula denominada Intereses Ordinarios.

(Párrafo que aplica, en caso de que se haya autorizado plazo para corrección del incumplimiento del “EL KPI SUSTENTABLE”)

En caso de que “EL CLIENTE”, derivado del “REPORTE” mencionado en el párrafo anterior, resultare en incumplimiento del “EL(LOS) KPI(´S) SUSTENTABLE(S)” contará con un período de _______ (______) ***(Indicar plazo para regularizar el KPI)*** días _________ ***(naturales o calendario),*** **contados a partir de la fecha de entrega del mismo a “EL BANCO”,** para regularizar dicho incumplimiento, y con ello estar en posibilidad de continuar con “EL BENEFICIO” que le otorga “EL BANCO”, bajo la presente cláusula.

Para efectos del presente contrato, el término que a continuación se menciona tendrá el siguiente significado:

“Indicador _______________”, (detalle del KPI autorizado)

Cada “REPORTE” que “EL CLIENTE” entregue a “EL BANCO” deberá de ser realizado invariablemente por “EL EXPERTO VERIFICADOR”. Si aconteciera el caso de que la relación entre “EL CLIENTE” y “EL EXPERTO VERIFICADOR” señalada en la sección de DECLARACIONES se terminará por cualquier razón o motivo dentro de la vigencia del presente Crédito, “EL CLIENTE”, deberá informarlo a “EL BANCO” por escrito dentro de los 5 (cinco) días hábiles a partir de este acontecimiento, expresando brevemente las causas de la terminación. Acto seguido, “EL CLIENTE” deberá (i) substituir a “EL EXPERTO VERIFICADOR”, por otro que sea apto y competente para realizar las certificaciones ya aludidas, de acuerdo a los parámetros y lineamientos que marca la normativa interna de “EL BANCO”, (ii) cubrir en todo momento los gastos, erogaciones o cualquier otro importe bajo este concepto, liberando a “EL BANCO” de cualquier responsabilidad que derive de lo anterior, y (iii) documentar por escrito el acuerdo por el cual se designe al nuevo “EXPERTO VERIFICADOR” entregando a “EL BANCO” evidencia del acuerdo.

(Adicionar en caso de contar con cláusula de “Crédito Sostenible”).

RESPONSABILIDAD.

In case “CLIENT” does not fulfill “SUSTAINABLE KPIs” according to the criteria established in the “REPORT”, or if “CLIENT” does not provide to “BANK” the “REPORT(S)” in the manner and times previously agreed upon, “CLIENT” shall lose “THE BENEFIT”. In that case, the applicable rate shall be the rate originally agreed upon indicated in the section called Regular Interest.

(Applicable paragraph if a term to cure the breach of “THE SUSTAINABLE KPI” has been authorized)

In case that “CLIENT”, derived from the “REPORT” mentioned in the preceding paragraph, breaches “SUSTAINABLE KPIs”, “CLIENT” shall have a period of _______ (______) ***(Insert the term to regularize the KPI)*** _________ ***(natural or calendar)*** **days, starting as of the date of the delivery thereof to “BANK”** to cure such breach and, therefore, to be able to continue with “BENEFIT” granted to the client by “BANK” under this section.

For purposes of this agreement, the term mentioned below shall have the following meaning:

“Indicator _______________”, (detail of authorized KPI)

Each “REPORT” that “CLIENT” delivers to “BANK” shall be invariably prepared by “EXPERT REVIEWER”. In case the relationship between “CLIENT” and “EXPERT REVIEWER” indicated in the section of REPRESENTATIONS would terminate due to any reason or cause within the term of this Credit, “CLIENT” shall inform so to “BANK” in writing during five (5) business days as of such occurrence, briefly expressing the grounds for the termination. Immediately thereafter, “CLIENT” shall (i) substitute “EXPERT REVIEWER” for another reviewer that is able and competent to carry out the cited certifications, according to the parameters and guidelines indicated in the internal regulations of “BANK”, (ii) pay, at all times, the expenses, disbursements, or any other amount under this item, releasing “BANK” from any liability derived from the foregoing, and (iii) document in writing the agreement whereby the new “EXPERT REVIEWER” is appointed, delivering to “BANK” proof of the agreement.

(Add if a “Sustainable Credit” section exists.)

RESPONSIBILITY.

"EL CLIENTE" reconoce que "EL BANCO" podrá hacer uso y se basará en el contenido del (de los) "REPORTE(S)" de "EL(LOS) KPI(S) SUSTENTABLE(S)", para otorgar "EL BENEFICIO". "EL CLIENTE", manifiesta que cuenta con los permisos y autorizaciones necesarios para disponer de la información que será facilitada a "EL BANCO", liberando a "EL BANCO" frente a cualquier reclamación de cualquier persona en relación con el(los) mismo(s).	"CLIENT" acknowledges that "BANK" may use, and shall be based on, the contents of the "REPORT(S)" of "SUSTAINABLE KPIs" to grant "THE BENEFIT". "CLIENT" states that it holds the required permits and authorizations to dispose of the information that will be facilitated to "BANK", and releases "BANK" with respect to any claim of any person in relation therewith.
"EL BANCO" no responderá en ningún caso por la pérdida, daños, o gastos que pudieran surgir de cualquier acto fraudulento, omisión de información, falsa declaración, dolo o negligencia o cualquier error, en relación con el(los) reporte(s) de certificación de "EL(LOS) KPI(S) SUSTENTABLE(S)", cometidos por el personal, empleados y asesores de "EL CLIENTE". "EL BANCO" en ningún caso tendrá responsabilidad alguna sobre los actos y/o pronunciamientos llevados a cabo por "EL EXPERTO VERIFICADOR", responsabilidad que compete en todo momento a "EL CLIENTE".	"BANK" shall not be accountable, in any case, for losses, damages, or expenses that could arise from any fraudulent act, omission of information, false representation, fraud or negligence, or from any error, in relation to the certification report(s) of "SUSTAINABLE KPIs" incurred by the personnel, employees, and advisors of "CLIENT". "BANK" shall not be liable regarding the acts and/or statements carried out by "EXPERT REVIEWER", responsibility which shall be incumbent at all times on "CLIENT".
"EL BANCO", bajo ninguna circunstancia, será responsable de la veracidad o exactitud del(los) "REPORTE(S)" de "EL(LOS) KPI(S) SUSTENTABLE(S)", proporcionado(s) por "EL CLIENTE", quedando exonerado de cualquier responsabilidad que surgiera como consecuencia del uso o empleo de información contenida en los mismos.	"BANK" shall not be liable, under any circumstance, of the truthfulness or accuracy of the "REPORT(S)" of "SUSTAINABLE KPIs" provided by "CLIENT", and shall be released from any liability that could arise as consequence of the use or employment of the information contained therein.
"EL CLIENTE" se compromete a indemnizar a "EL BANCO" y a sus filiales y a sus respectivos consejeros, directivos, y empleados por y frente a todas, por cualesquiera daños o perjuicios que cualquiera de ellos pudiera sufrir como consecuencia de lo contenido en el(los) reporte(s) de certificación de "EL(LOS) KPI(S) SUSTENTABLE(S)".	"CLIENT" assumes the commitment to indemnify "BANK" and its affiliates and its respective directors, executives, and employees from and against any actual or consequential damages that any of them could experience as consequence of the contents of the certification report(s) of "SUSTAINABLE KPIs".
(Adicionar en caso de contar con cláusula de "Crédito Sostenible").	***(Add if a "Sustainable Credit" section exists.)***
PUBLICIDAD Y USO DE MARCAS.	**ADVERTISING AND USE OF TRADEMARKS.**
"EL CLIENTE" en este acto autoriza a "EL BANCO" a realizar las acciones de comunicación, anuncios y publicaciones, en los medios que considere pertinentes relativos al presente "CRÉDITO SOSTENIBLE", y se compromete a trabajar de forma conjunta con "EL BANCO" para tener una estrategia de comunicación coordinada, en caso de que "El BANCO" se encuentre interesado en llevar a cabo acciones de comunicación.	"CLIENT" hereby authorizes "BANK" to carry out any communication actions, advertisements, and publications, through the media it may deem pertinent in relation to this "SUSTAINABLE CREDIT", and binds itself to work jointly with "BANK" to develop a strategy of coordinated communication, in case "BANK" is interested in carrying out any communication actions.
Por lo anterior, "EL CLIENTE" mediante AVISO POR ESCRITO otorgará a "EL BANCO" una autorización de uso de sus marcas (en lo sucesivo "LAS MARCAS"), de manera gratuita, no exclusiva y no transferible, exclusivamente para los fines que se describen en la presente cláusula. "LAS MARCAS" amparadas por dichos registros no podrán ser variadas o modificadas de ninguna forma.	In view of the foregoing, "CLIENT", through a WRITTEN NOTICE, shall give "BANK" a consent to use its trademarks ("TRADEMARKS") in gratuitous, non-exclusive, and non-transferrable manner, exclusively for the purposes described in this section. "TRADEMARKS" covered under such registrations shall not be changed or modified in any manner whatsoever.

En caso de que "EL CLIENTE" requiera hacer uso de las marcas de "EL BANCO" para incluir sus signos distintivos, marcas, logos y/o nombres comerciales (en lo sucesivo "LAS MARCAS"), en materiales de publicidad, solicitará que se otorgue la autorización correspondiente mediante anexo, el cual formara parte del presente contrato.

In case "CLIENT" requires to use the trademarks of "BANK" in order to include its distinguishing signs, trademarks, logos, and/or trade names ("TRADEMARKS") in advertising materials, "CLIENT" shall request the pertinent authorization through an exhibit, which shall become an integral part of this agreement.

"LAS PARTES" se obligan a hacer buen uso y a cuidar la imagen de "LAS MARCAS" durante y posterior a la vigencia del presente contrato comprometiéndose a dar aviso inmediato de cualquier hecho, evento o circunstancia que ocasione un deterioro en la imagen de "LA MARCAS".

"THE PARTIES" bind themselves to make good use, and to take care of the image of "TRADEMARKS" throughout and subsequently to the term of this agreement, and bind themselves to give immediate notice of any fact, event, or circumstance that causes a prejudice to the image of "TRADEMARKS".

"LAS PARTES" se obligan, previa a la producción y exhibición de cualquier material publicitario y/o promocional, en el cual aparezcan las marcas, logotipos, denominaciones, propiedad de "EL BANCO" y "EL CLIENTE" a solicitar su autorización previa y por escrito de las características y especificaciones de los materiales que se pretendan usar. Una vez contado con el visto bueno, "LAS PARTES" podrán emitir dicho material al público.

"THE PARTIES" bind themselves, prior to the production and exhibition of any advertising and/or promotional material wherein the trademarks, logos, designations, property of "BANK" and "CLIENT" appear, to request the prior and written authorization on the characteristics and specifications of the materials intended to be used. Once the approval has been obtained, "THE PARTIES" may release such material to the public.

A la terminación del presente Contrato o por cualquier causa, "LAS PARTES" se compromete a dejar de utilizar de inmediato "LAS MARCAS" no pudiendo continuar en lo subsiguiente con el uso de las mismas, de ninguna otra forma, como tampoco podrá usar cualquier marca o palabra similar en grado de confusión a "LAS MARCAS" ya sea de manera sola o en combinación con cualquier letra, palabra o diseño.

Upon the termination of this Agreement or due any other cause, "THE PARTIES" bind themselves to immediately cease the use of "TRADEMARKS", and shall not continue to use such trademarks subsequently in any other manner, and they shall not use any trademark or word confusingly similar to the "TRADEMARKS", whether independently or in combination with any letter, word, or design.

"LAS PARTES" se obligan a sacar en paz y a salvo y cubrir todos los gastos, multas y costos a la(s) contraparte(s) y/o sus filiales y/o subsidiarias, de cualquier litigio o procedimiento que se inicie en su contra derivado del uso de las marcas, logotipos, denominaciones e imágenes referidos.

"THE PARTIES" bind themselves to hold the other party and/or its affiliates and/or subsidiaries harmless, and to pay all expenses, fines, and costs, from and against any action or proceeding filed against such party derived from the use of the aforementioned trademarks, logos, designations, and images

(Párrafo a adicionar en caso de contar con cláusula de "Crédito Sostenible").

(Paragraph to be added if a "Sustainable Credit" section exists.)

GASTOS.

EXPENSES.

"EL CLIENTE" manifiesta que cualquier honorario y gasto derivado de las actividades correspondiente a "EL EXPERTO VERIFICADOR", en todo momento será exclusivamente su responsabilidad, liberando a "EL BANCO" de cualquier obligación de pago, bajo cualquier concepto.

"CLIENT" states that any fee and expense derived from the activities corresponding to "EXPERT REVIEWER" shall be the client's exclusive responsibility, at all times, and releases "BANK" from any obligation of payment, under any item.

EXHIBIT 31.1
CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Fabio Sandri, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the fiscal quarter ended September 24, 2023, of Pilgrim's Pride Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 25, 2023

/s/ Fabio Sandri
Fabio Sandri
Principal Executive Officer

EXHIBIT 31.2
CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew Galvanoni, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the fiscal quarter ended September 24, 2023, of Pilgrim's Pride Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 25, 2023	/s/ Matthew Galvanoni
	Matthew Galvanoni
	Principal Financial Officer

EXHIBIT 32.1
CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. § 1350 ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Pilgrim's Pride Corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q for the quarter ended September 24, 2023 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 25, 2023

/s/ Fabio Sandri
Fabio Sandri
Principal Executive Officer

EXHIBIT 32.2
CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. § 1350 ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Pilgrim's Pride Corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q for the quarter ended September 24, 2023 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 25, 2023	/s/ Matthew Galvanoni
	Matthew Galvanoni
	Principal Financial Officer