Alsea

passion TO *serve is...*

2023

Integrated Report

...may
TIME
stop
when we are
together

...knowing that

YOU'RE

always there

for me

...counting
every minute
TO
SEE YOU
again

passion

TO serve is...

delivering

OUTSTANDING

results

Content










About this report

GRI 2-3, 2-4, 2-5

We are pleased to share our latest integrated annual report with you, highlighting Alsea's progress and achievements in economic, social, environmental and corporate governance matters based on the sustainability strategy we applied between January 1 and December 31, 2023.

We prepared this report under GRI (Global Reporting Initiative) standards, the Sustainability Accounting Standards Board (SASB) sustainability framework and the UN Global Compact's Sustainable Development Goals. During the period mentioned above, the company did not report any significant changes or restatements of information in our coverage or supply chain.

An independent third party verifies our financial information. The audit process applied to our consolidated financial statements can be found in the middle of our reports under the investors' section **at alsea.net.**

We invite you to read the corporate policies and strategies mentioned in this report under Corporate Governance, Sustainability and Corporate Integrity at **alsea.net.**

Please send your comments, questions or suggestions about this document to **rp@alsea.com.mx.**

We are **Alsea**

GRI 2-1, 2-6

We are the leading restaurant operator in Latin America and Europe, with globally recognized brands in the Quick service restaurants, Coffee shops and Full service restaurants segments.

3
Segments

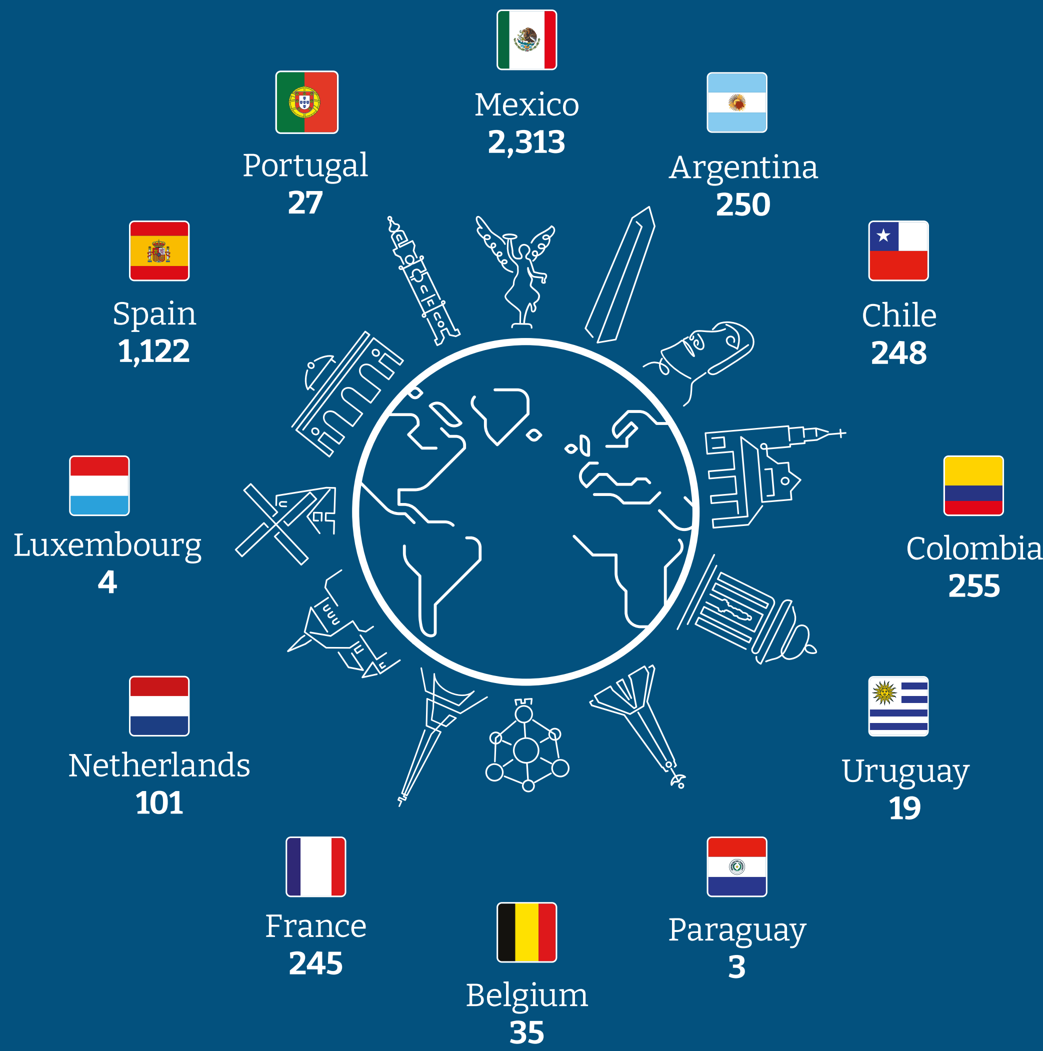
13
Brands

12
Countries

4,622
Units

We operate more than 4,622 units in Mexico, Spain, Argentina, Colombia, Chile, France, Portugal, Belgium, Netherlands, Luxembourg, and Uruguay.

Our business model supports all business units through the Shared Services Center, providing support in administrative, development and supply chain processes.



Our **purpose**

To *bring happiness and experiences full of flavor* is a commitment everyone at Alsea embodies daily. It means thinking about our customers to ensure every moment is an unparalleled experience, spreading our *Passion to Serve* and doing everything we can to impact our planet positively.

Our purpose is based on four principles that inspire us and make us unique in what we enjoy the most: making our customers happy.

Delivery: We give our best, always putting our heart into everything we do. We value every interaction with our customers in each store and when delivering products to their homes.

Happiness: In a business like ours, happiness is experienced in every detail, from the first contact through a smile, making guests feel welcome and calling by their name.

Experiences: We truly connect with our customers, bringing unique moments and making them feel special.

Flavor: Seasoning runs through our veins. We love to spice up people's lives and fill them with delicious memories, always leaving a great taste in their mouths.

Our philosophy

Winning attitude

Demonstrate a passion for excellence, to achieve even higher goals.

Engaged leadership

We inspire by example and empower our people.

Amazing service

We make every moment unique to offer unparalleled experiences.

Collaborative spirit

We are stronger when we work as a team.

Attention to detail

We take care of everything we do because every detail counts.

Outstanding results[1]

GRI: 201-1

$8,027 Operating income

$3,042 Consolidated net profit

35.2% ROE[4]

14.0% ROIC[3]

Results	CAGR 2019-2023[5]	Annual Growth	2023	%	2022	%
Net sales	6%	10.8%	$76,231	100%	$68,831	100%
Gross profit	5%	11.0%	$53,130	69.7%	$47,871	69.5%
Operating income	12%	26.0%	$8,027	10.5%	$6,368	9.3%
EBITDA[2]	5%	15.3%	$16,216	21.3%	$14,070	20.4%
Consolidated Net Income	23%	81.1%	$3,042	4.0%	$1,679	2.4%
Balance						
Total Assets		(1.9%)	$77,434		$78,923	
Cash		5.3%	$6,410		$6,087	
Liabilty Costs		(6.0%)	$26,120		$27,789	
Majority Shareholders' Equity		3.7%	$8,656		$8,344	
Profitability						
ROIC[3]		360 pbs	14.0%		10.4%	
ROE[4]		1720 pbs	35.2%		18.0%	
Share information						
Price		74.1%	$64.16		$36.86	
Earnings Per Share		76.8%	$3.66		$2.07	
Dividend		N.A.	-		-	
Book Value Per Share		7.6%	$10.34		$9.61	
Operation						
Total Number of Units	6%	3.9%	4,622		4,447	
Collaborators	1%	0.4%	71,003		75,740	

1 The figures are expressed in millions of nominal pesos and under IFRS standards (including IFRS 16 effects and the effect of applying the restatement approach to hyperinflation in Argentina), except for the information per share and the number of units and collaborators.
2 EBITDA is defined as operating income before depreciation and amortization.
3 ROIC is defined as operating income after taxes divided by net operating investment (total assets-cash and temporary investments-non-interest-bearing liabilities).
4 ROE is defined as net profit divided by shareholders' equity.
5 CAGR stands for Compound Annual Growth Rate from 2019 to 2023.

Highlights **2023**

460
Millions of customers served

257
Gross store openings

4,622
Units

+2.2
Million of meals delivered to vulnerable populations

2,470,718
Fundación Alsea, A.C. beneficiaries

GRI 2-22, 2-23

To the General Assembly of Shareholders
of Alsea, S.A.B. de C.V. and

our different Stakeholders,

I am pleased and proud to share our 2023 Integrated Annual Report with you.

Passion to serve **reflects who we are as the result of a continuous transformation process to materialize our strategy focused on what is most important: keeping our customers happy in a global economy.**

They are the source of inspiration that encourages us to identify their needs by getting to know them better every day. They inspire our creativity to design products that respond to the demands of a market with very diverse lifestyles as we face the challenge of presenting a differentiating value proposition. They are also the driving force that ensures our perseverance in creating and implementing efficient processes focused on profitability and productivity, promoting sustainability with the highest quality standards.

For this, our main asset is our collaborators, numbering over 70,000 worldwide. They strengthen our company's culture and, with their dedication, contribute to its business strategies and operations. The Board of Directors provides and promotes programs and initiatives that nurture their development and training so each can reach their maximum potential, ensuring that they have the right tools to do their best job. We acknowledge their efforts with competitive compensation plans, career paths, and opportunities to work and develop in our different departments and for our different brands.

At Alsea, we reaffirm our commitment to adhere to the Code of Best Corporate Practices. Through our Board of Directors and its governing bodies, we ensure compliance with the highest standards of Corporate Governance to promote greater security and trust among you, our Shareholders.

In 2023, we enjoyed a year of significant achievements aligned with our strategy. Thanks to our focus on our customer's experience, our committed team of collaborators, and our passion for quality and service, we continued to generate significant benefits for our stakeholders and reiterate our leadership as the best restaurant operator in Latin America and Europe.

In this 2023 Annual Report, we share our financial, social and environmental results and everything that allows us to evolve our business to a level of excellence. During the year, we continued to strengthen our Corporate Governance to become an increasingly institutional Company focused on the need for growth demanded by our environment. We made certain adjustments to our Board of Directors, which now enjoys the valuable participation of Gabriela Garza and Christine Kenna.

In 2023, we attained significant recognition as we reaffirmed our presence on the S&P/BMV Total Mexico ESG Index. We were listed on the Dow Jones Sustainability Index MILA for the sixth year in a row and received a Corporate Social Responsibility Award for the twelfth year running. We also reaffirmed our commitment to the UN Global Compact and its Principles, which guide our steps to contribute to a world that closes social gaps and promotes equity, equality and the generation of development opportunities for our communities.

At Alsea, we reiterate our commitment to being a role model in sustainability, promoting policies, initiatives, and actions that generate positive impacts for all those with whom we develop and collaborate and for our planet's well-being.

I thank each of our customers for their loyalty and preference and to our collaborators for their commitment, enthusiasm, and professionalism that allow us to bring the Alsea culture to all the geographies in which we have presence to make our purpose come true: *to bring happiness and experience full of flavor.*

Alberto Torrado Martínez
Chairman of the Board

GRI 2-22, 2-23

Dear Friends,

I want to share with you that I am very proud of our performance and achievements in 2023, which are in line with our strategic plan, and confirm that our *Passion to serve* is the key to consolidate Alsea's leadership.

+10.8%
total sales
vs. 2022

+14.7%
same store sales
vs. 2022

2023 was a year in which we obtained extraordinary results. Our total sales increased 10.8% compared to 2022 to reach MXN 76.2 billion. Our Same Store Sales registered 14.7% growth, and EBITDA stood at MXN 16.2 billion, 15.3% above last year. These results reflect the effectiveness of our operational strategy, the recovery of consumer trends, the successful implementation of digital innovations and the development of new products.

During the year, our more than 70,000 collaborators served more than 460 million customers in the 12 countries where we operate through the 3 business segments we serve, with the passion and heart that distinguishes us to preserve the preference for our brands. Last year, we also broke our turnover record with a 65% rate compared to the 71% reported the previous year. In addition, our internal Global Engagement Index scored 4.19 out of 5.

Our digital strategy continues to be essential to attracting and retaining new customers. One of our major achievements this year was passing the 1.8 million member mark in our Starbucks Rewards program while reaching almost one million Club By members in Spain in less than three months of operation. We know the growth potential that digital platforms and selective marketing represent, so we will continue to strengthen our digital transformation project.

Our coffee shop segment continues its expansion process focused on strategic locations and the development of new products. This year, we certified 16 Starbucks stores in our Greener Stores program, bringing the total number of stores in Latin America to 85. We also focused on digital innovation in the fast food segment to optimize and improve our service level. At our full-service restaurants, we continued to improve our value proposition to leverage positive traffic trends and increase customer visit frequency.

Sales through our home delivery segment grew 4.2% to MXN 12,798 million from more than 48.8 million orders, representing a 17.1% share in Alsea's consolidated sales.

During the year, we invested MXN 4.740 billion, allocating MXN 3.903 billion, equal to 82.3%, to open 184 units, renovate and remodel units of our different brands, and replace equipment. We remain firm in our expansion strategy to take advantage of market opportunities with our leading brands by opening new units in the locations and geographies with the greatest potential for profitability.

$54
Millions of pesos raised by It's on me

+8,000
Beneficiaries

25
Food kitchens

One key factor in Alsea's leadership has been integrating an efficient supply chain that represents a competitive advantage for our brands. This service network operates under the highest standards of food safety and security quality, exceeding the requirements established by our strategic partners worldwide.

Within the framework of our sustainability exercise, we decided to reinforce the existing process and complete a Double Materiality analysis to obtain a clearer and more precise vision of the relationship we have with our environment and help us prioritize our material topics to allocate time, resources and investments in the initiatives that generate a greater impact and respond, to a greater extent, to our stakeholder's concerns and the challenges we face in protecting the planet.

For the second consecutive year, we presented the "Alsea Award" through the Alsea Foundation, A.C., and with the support of World Vision Mexico to promote innovative original or in-progress food and nutrition research projects. The Center for Advanced Nutrition and Food Studies (CESNUTRAL) at CES University in Colombia selected the winning project. This recognition reflects our commitment to joining efforts to face the most important global food challenges.

Our annual It's on Me fundraising campaign, backed by Fundación Alsea, A.C., raised MXN 54 million to provide meals for over 8,000 people in 25 food kitchens every day. We also expanded our efforts to help more than two million individuals with financial and in-kind donations.

After Hurricane Otis, It's on Me partnered with World Vision Mexico to donate MXN 3 million to help over 10,000 people, providing significant support to communities affected by the hurricane in Guerrero.

As we reflect on the successes achieved this year and look to Alsea's future, I want to recognize our management team's leadership in taking our strategic plans to all levels across the company and positively impacting our 4,622 units. I also want to acknowledge the commitment of our more than 70,000 collaborators for their efforts and dedication to exceeding our customers' expectations, making each experience an unforgettable moment and fulfilling our purpose of *bringing happiness and experiences full of flavor*. Thanks also to our shareholders for your participation in Alsea's success and your trust in us, which feeds and increases our *Passion to serve* every day!

Armando Torrado Martínez
CEO of Alsea

Global Sustainability **Management**

To bring happiness and experiences full of flavor **means integrating sustainability into everything we do and strengthening our corporate best practices.**

We are not alone on this path to fulfilling our commitments. We created a Global Sustainability Management structure by working hand in hand with our stakeholders and being guided by our Board of Directors to ensure that our initiatives are known and executed at all levels across the company.

From the creation of sustainability policies and objectives to the implementation, measurement and reporting processes, our team members work with passion to execute initiatives related to specific priority topics organized under three levels as follows:

- Governance Level
- Strategic Level
- Operational Level
- Commissions and priority topics

Governance level

Comprised of our Board of Directors, it defines our global strategy and oversees compliance with our initiatives.

Strategic level

It operates on a regional level to identify environmental and stakeholder needs, proposing initiatives in response to their social, environmental, economic and business ethics concerns.

Operational level

Four local committees support the execution of initiatives related to specific priority topics.

Responsible Consumption
- Nutritional communications
- Food safety and health
- Sustainable consumption
- Sustainable sourcing
- Food waste

Quality of Life
- Job security
- Health and well-being to boost productivity
- Diverse and inclusive culture
- Financial well-being

Environmental
- Energy
- Water
- Supplies
- Waste

Community Development
- Fight hunger
- Education and employability
- Culture

Sustainability Model

Our model represents Alsea's key commitments to Sustainability. It is built on three pillars to respond to the economic (growth), social (development) and environmental (balance) aspects of our operation, based on our Corporate Governance and in close communication with our stalkeholders.

Development

It addresses aspects related to the development and well-being of our collaborators in an equitable, inclusive, diverse and safe work environment that gives them the flexibility they need to balance their personal and professional lives. Additionally, it focuses on ensuring the food security of vulnerable population and encourage community development through programs that promote access to education and employability.

Growth

It focuses on the operational aspects of directing leading brands, providing exceptional service and premium products with support from an exemplary industry supply chain, and managing our commitment to offering menus adapting to different lifestyles. It also covers labeling practices, responsible advertising and communications, technological innovation and initiatives to manage food waste responsibly.

Balance

It encompasses actions aimed at caring for our environment by efficiently managing natural resources, such as energy, water, emissions, supplies, and waste management and disposal.

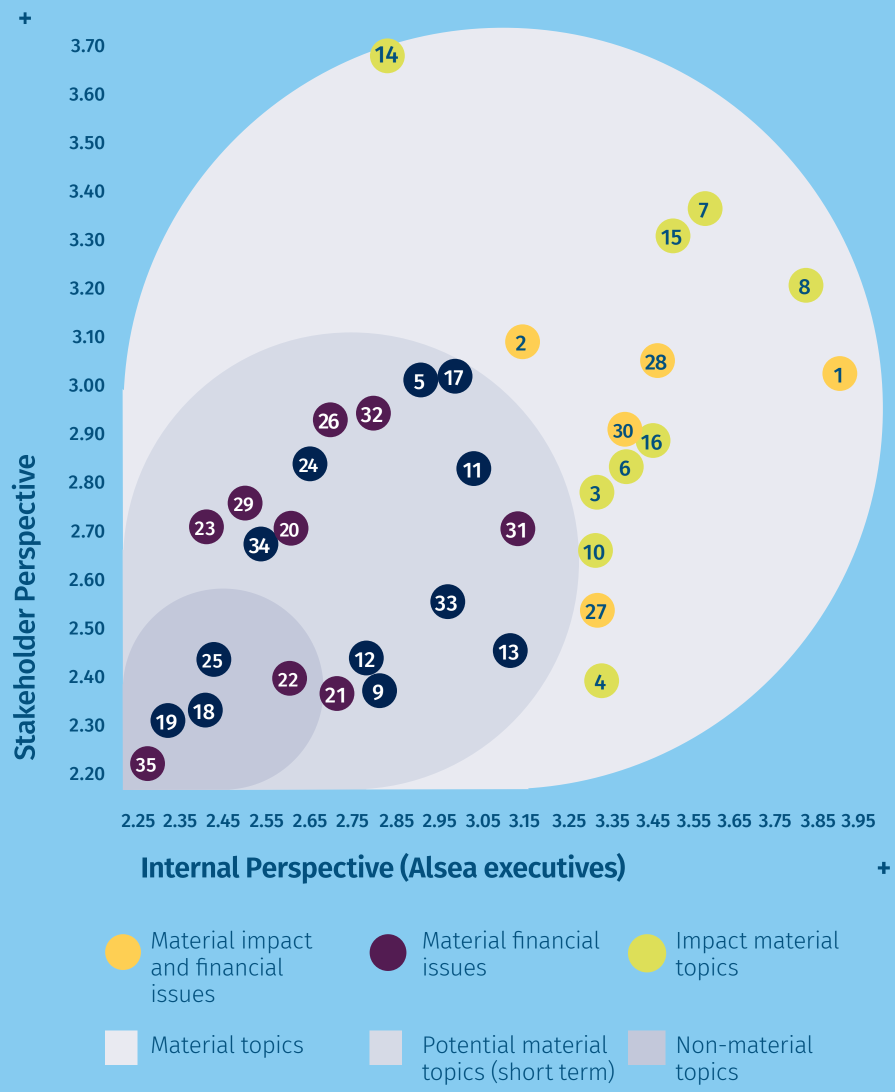
Global Integrated Materiality Matrix

GRI 3-1, 3-2, 3-3

The priority aspects identified through the global materiality study we conducted in 2022 led us to establish the strategies and initiatives we have worked on for the last two years.

During our implementation processes, we work under domestic and international benchmark standards, adapting them to the requirements of the different geographies where we have presence.

We will conduct our next double-materiality study in 2024.



Material Topics (14)

1 Talent attraction and retention
8 Customer and consumer satisfaction
7 Brand reputation
15 Legal compliance
28 Food safety and quality
16 Sociopolitical risk management
6 Economic performance
3 Organizational culture and climate
10 Digital transformation
27 Customer and consumer health and safety
4 Employee training
2 Diversity, equity & inclusion
14 Corporate governance
30 Energy and emissions

Potentially material topics (16)

31 Waste management and circular processes
13 Ethics and integrity
11 Product innovation
17 Communication and transparency
5 Employee health, safety and well-being
32 Climate strategy
26 Nutritious and affordable products
24 Responsible communication and marketing of products
20 Responsible supplier assessment and development
21 Availability of local raw materials
34 Investment and social commitment
29 Water
23 Food waste
12 Human rights
33 Contribution to local food security
9 Data privacy and cybersecurityTemas no materiales (5)

Non-material topics (5)

22 Responsible sourcing of raw materials
18 Stakeholder relations
25 Inclusive selling practices
19 Fair competition practices
35 Comprehensive development of farmers and agricultural producers

Stakeholder Relations

GRI 2-29

Being close to our stakeholders allows us to understand their concerns through an open and constant dialogue based on trust and transparency. Our relations plan includes the following phases:

Identification
We analyze and classify Alsea's most relevant stakeholders according to their needs, concerns and expectations.

Channels and Objectives
We define our relationship objectives and develop strategies to achieve them by creating specific communication channels for each group, participation programs and the means required to establish our relationship.

Implementation
We execute the actions established in our strategies to stay in touch, including networking events, information sessions, and satisfaction surveys, among other activities.

Assessment
We regularly monitor our engagement activities to measure their effectiveness and make the adjustments required through feedback, key metric analytics, and a review of the plan's objectives.

Periodicity

● Permanently
■ Monthly
▲ Quarterly
★ Eventually
◆ Annual Report

Governance
● Correct Line
● Email and website
★ Participation in events
★ Reports
★ Meetings
★ Phone calls
★ Official press releases
◆ Annual report

Community
● Website
● Social media
★ Evaluation visits
★ Participatory diagnoses
★ Forums
★ Events
◆ Annual report

Suppliers
● Correct Line
● Email and website
■ Monthly newsletter
★ Visits
★ Phone calls
◆ Annual report

Media
● Correct Line
● Press releases
● Email and website
★ Forums and events
◆ Annual report

Partners and Investors
● Email and website
● Phone calls
● Meetings
● Relevant releases
▲ Shareholders meeting
▲ Results report
▲ Conferences
▲ Annual report
▲ Investor Day

Customers
● Correct Line
● Email and website
● Social media
● Mass media
● Restaurant communication plan
● Marketing campaigns
● Apps
● Loyalty programs
■ Bulletin
◆ Annual report

Collaborators
● Correct Line
● Email and website
● Workplace
● Screens
● Communication boards
● Internal communications
■ Bulletin
★ Announcements
★ Events and conventions
◆ Annual report

Our contribution to sustainability

Our activities allow us to contribute directly to facing global sustainability challenges, such as those described in the United Nations Sustainable Development Goals.

By joining this initiative, we reaffirm our commitment to adhering to the fundamental principles and actively promote business practices that inspire the stakeholders with whom we interact.

Some of our main initiatives created to support the SDGs are as follows.

SUSTAINABLE DEVELOPMENT GOALS

2 ZERO HUNGER

Food donations

Food waste management

Community kitchens

3 GOOD HEALTH AND WELL-BEING

Promoting healthy habits

5 GENDER EQUALITY

Anti-harassment protocols

Development of women in leadership positions

6 CLEAN WATER AND SANITATION

Timed faucets

Dual flush cisterns

Water towers

7 AFFORDABLE AND CLEAN ENERGY

Solar panel project in stores in South America and production centers and units in Europe

8 DECENT WORK AND ECONOMIC GROWTH

Employment generation

Social employability and training projects

People management model

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Digital employment channels

Process and task digitization

10 REDUCED INEQUALITIES

Social employability and education projects

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Waste management project

Food waste management

13 CLIMATE ACTION

Global environmental policy

17 PARTNERSHIPS FOR THE GOALS

Strategic partnerships with associations and foundations

Recognitions, certificates and sustainability initiatives

At Alsea, the recognition we obtain for our work results from the passion and commitment of all our collaborators, which inspires us to continue working under the best industry standards.

These recognitions guide us in applying social, economic and environmental best practices, reaffirming our commitment to excellence in everything we do to exceed our customers' expectations every time we interact with them.

UN Global Compact

In 2011, we joined the most important corporate sustainability initiative, the United Nations Global Compact. This accession represents our adoption of ten universal principles related to the defense of human rights, labor standards, the environment and the fight against corruption.

Corporate Social Responsibility Award

Since 2012, the Mexican Center of Philanthropy (CEMEFI, acronym in Spanish) has given us this distinction, highlighting our performance in five pillars of sustainability: Quality of life, environment, ethics, community engagement, and corporate social responsibility.

S&P/BMV Total Mexico ESG Index

We have been listed on the Standard & Poor's Index (S&P/BMV Total Mexico ESG Index) since 2013. This index is designed to promote and disclose to the Mexican market the performance of companies that meet sustainability criteria.

Dow Jones Sustainability Index MILA

Since 2018, Alsea has been listed on the Dow Jones Sustainability Index (DJSI) in the Latin American Integrated Market (MILA), a reference index measuring listed companies' sustainability performance. For Alsea, belonging to this index means being recognized for its risks and opportunity identification on economic, social and environmental spheres and for creating value for all our stakeholders.

Ethics and transparency

GRI: 2-22, 2-23, 2-24

We live our values and ethical principles in each decision, always striving to promote respect, integrity and transparency in all our relationships.

Our Code of Ethics is the ideology that guides our decisions with a focus on respect and transparency. We share its principles with our strategic partners, collaborators and suppliers to work together within a common framework of corporate integrity and values.

Corporate Integrity

GRI 2-15 205-2

We know that fulfilling our purpose demands that we establish, respect and enforce regulations that promote our ethical principles based on policies responding to this objective, as we ensure that they reach all levels of our company.

Anti-Corruption Plan

We have developed the Alsea anti-corruption plan to comply with applicable legislation, which includes the Policy Anti-corruption, the Code of Ethics, the organization's manual and our anonymous reporting line (Línea Correcta). We incorporate anti-corruption clauses in all our contracts. Compliance with the Plan, which our internal and external auditors continually review, is mandatory for all collaborators and business partners.

Anti-Corruption Training

We ensure that all collaborators read and comply with our Anti-Corruption Policy. They also take annual training courses on transparency and compliance, to uphold transparency in everything we do across the company.

Protecting Personal Information

We are committed to protecting our stakeholders' information in the digital world. We are pleased to announce that we did not receive any reports of loss of information or claims related to our stakeholders' personal information in 2023.

Code of Ethics and Penalties

We are governed by a Code of Ethics that establishes the values and behavioral standards all collaborators, suppliers and franchisees must follow. This document, available on our website, describes potential penalties for violations, ranging from a warning to termination of employment and the corresponding legal actions.

Bribery and undue advantages

We are committed to fighting corruption and bribery in all their forms. We do not offer, give or promise inducements to public officials or individuals to obtain undue benefits. Collaborators, suppliers and partners are prohibited from requesting, accepting or receiving rewards from government officials in exchange for benefits on behalf of Alsea.

Conflict of interest

At Alsea, our collaborators must avoid situations that compromise the integrity of the company's interests and theirs. Refraining from directly or indirectly influencing decisions related to Alsea is essential to guaranteeing ethical and transparent behavior in all our operations.

Prevention of money laundering

We have internal policies to comply with the Law of Prevention of Money Laundering. These policies help us identify and prevent activities related to illegal proceeds and reinforce our commitment to integrity and transparency in all our operations, ensuring compliance with current applicable laws.

Gifts, hospitality, and travel expenses

We value integrity in all our interactions; therefore, we do not accept conditional gifts from suppliers, third parties or public officials, and Alsea prohibits offering these to influence improper behavior. According to our Code of Ethics, collaborators can only receive institutional gifts containing a company logo, with a maximum value of USD 100.

Donations

We promote community programs through donations. Therefore, Alsea strictly adheres to the current applicable laws to ensure compliance and transparency in our charitable actions at all times.

Political Contributions

Alsea absolutely prohibits giving direct and indirect political contributions, including expenses to influence elections or donations to political organizations.

Negotiating with government officials

Our collaborators must maintain professional, cordial and ethical relationships with government officials and consistently comply with our Anti-Corruption Policy and all legal regulations.

Suppliers

We ensure that our suppliers and business partners fully comply with the rules established in our Anti-Corruption Policy and respect all applicable laws. All forms of bribery, corruption, extortion and fraud are forbidden. Suppliers are prohibited from offering, promising, requesting, accepting or receiving considerations. They must report all conflicts of interest to our Correct Line and maintain the confidentiality of the information received from Alsea.

You will find our policies at:
www.alsea.net/corporate-integrity

Correct Line

GRI 2-25, 2-26

We firmly believe we can build a culture based on high ethical standards by working together.

One of the essential components to achieving this objective is Correct Line, a mechanism Alsea created to receive reports or complaints about breaches of our Code of Conduct by our collaborators, suppliers, brands or any stakeholder linked to our operation.

The Correct Line is managed by a third party known for its reliability, confidentiality and objectivity in handling reports and complaints. We have an independent portal where we provide more personalized attention and timely follow-up to the matters reported by our stakeholders, always in line with our purpose to bring happiness and experiences full of flavor.

In 2023, we received reports about harassment, discrimination, conflicts of interest and breach of trust: 88% were resolved, and 22% are in progress.

1,292 Reports

100% Reports addressed

Origin:

3 Suppliers

1,185 Collaborators

84 Customers

	Total		
Negligence	102	46	56
Sexual harassment	11	8	3
Discrimination	7	1	6

Attention Channels

Website

Mexico and South America:

https://extranet.alsea.net/lineacorrecta/

Europe:

https://europe.alsea.net/etica-y-cumplimiento/canal-denuncias

Corporate Governance

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-27

At Alsea, we are committed to transparency, accountability and value creation. Doing the right thing and committing to improving our operation's financial, social and environmental aspects is our priority.

Thanks to the guidance provided by our Corporate Governance, we adopt best practices, protect our stakeholders' interests and promote a culture of integrity and responsibility in all our operations.

Corporate Governance Structure

Board of Directors

- **Audit Committee**
- **Corporate Practices Committee**
- **Office of the CEO**
  - **Alsea Mexico**
  - **Alsea Europe**
  - **Alsea South America**

Board of Directors

GRI 2-10, 2-11, 2-12, 2-13, 2-14

The Board of Directors is the highest decision-making authority within our company. It oversees the implementation of strategies and decision-making processes. It is supported by the Audit, Corporate Practices and Corporate Governance Committees to recommend and instruct Senior Management on risk control mechanisms, business performance, stakeholder relations policies, compensation and regulatory compliance.

The Board of Directors comprises 12 members, three of which are related proprietary directors, two are independent propriety directors, and seven are independent. A related proprietary director chairs the Board.

We have the figure of Independent Director who today represents more than 58% of the total members, exceeding the 25% required by the Securities Market Act.

At Alsea there is no position of Alternate Director, since it is considered that if the Proprietary Director (one who has a direct connection to the company derived from shareholding) does not attend to the sessions of the Board of Directors, dilutes its obligations in front of the rest of the members. Alsea's board meetings must be called if required by at least 25% of directors.


1


2


3


4


5


6


7


8


9


10


11


12

58% of our Board of Directors are independent members

Proprietary Directors

1 Alberto Torrado Martínez
Chairman

2 Cosme Alberto Torrado Martínez
Board member

3 Armando Torrado Martínez
Board member

Independent Proprietary Directors

4 Federico Tejado Bárcenas
Board member

5 Fabián Gosselin Castro
Board member

Independent Directors

6 León Kraig Eskenazi
Board member

7 Gabriela María Garza San Miguel
Board member

8 Carlos Vicente Salazar Lomelí
Board member

9 Alfredo Sánchez Torrado
Board member

10 Luiz Carlos Ferezin
Board member

11 Leticia Mariana Jauregui Casanueva
Board member

12 Christine Marguerite Kenna
Board member

Nomination, election and remuneration of Board Members process

GRI 405-1

The Nominations and Compensation Committee is the body in charge of managing board member selection, nomination, and renewal procedures.

Board member nomination or re-election proposals are submitted to the Annual General Meeting of Shareholders, and all direct nominations to fill a vacant seat follow a procedure established to this end. In the case of Independent Members, these proposals are approved with recommendations from the corresponding committee. As for the other members, the Committee issues a prior report on the proposals before approval.

All proposals submitted to the General Meeting of Shareholders are accompanied by a detailed report from the committee containing an evaluation of the proposed candidates' merits and experience.

The committee considers the balance between knowledge, skills and experience, as well as the requirements established to fill vacant seats. Special attention is paid to the candidate's availability required to hold the position.

The Nominations and Compensation Committee also proposes board member remuneration to the Meeting of Shareholders. At Alsea, we have determined compensation as a fixed amount based on attendance. We have also implemented mechanisms and set objectives to assess each member's performance and propose training on topics relevant to the company's development when necessary.

Board Diversity

We recognize the value of diversity and promote the professional growth of women in the workplace. We are proud to say that we have three female board members today, representing 27% of members and 43% of the Independent Directors.

Gender diversity is not only important from an equity perspective; it also provides a variety of skills, perceptions and experiences that strengthen our decisions and the company's performance.

27%

of our board members are women

Audit Committee

Alfredo Sánchez Torrado
President

Luiz Carlos Ferezin
Member

Federico Tejado Bárcena
Member

Christine Marguerite Kenna
Member

Elizabeth Garrido López
Secretary (without being a member)

Roles and Responsibilities

- Recommend to the Board the candidates selected to serve as the company's external auditors, their contracting conditions, and the scope of the professional work and supervise compliance thereof.
- Serve as the communication channel between the Board of Directors and the external auditors, ensuring the latter's independence and objectivity.
- Review the work program, observation letters and internal and external audit reports, reporting the results to the Board.
- Meet periodically with the internal and external auditors without company officers to obtain their comments and observations on the progress of their work.
- Give the Board of Directors their opinions on the policies and criteria used to prepare the financial information and the processes used to issue it, ensuring its reliability, quality and transparency.
- Contribute to defining general internal control and internal audit guidelines and evaluating their effectiveness.
- Confirm the observation of the mechanisms established to control the risks the company might face.
- Coordinate the work done by the internal auditor.
- Contribute to establishing related-party transaction policies.
- Analyze and evaluate related-party transactions to offer recommendations to the Board.
- Decide whether or not to hire third-party experts to give their opinion on related-party transactions or other matters to ensure the proper performance of their duties.
- Verify compliance with the Code of Ethics and the mechanism provided to disclose improper behavior and protect whistle-blowers.
- Assist the Board of Directors in analyzing information contingency and recovery plans.
- Verify the implementation of the mechanisms required to ensure the company's compliance with the different legal provisions.

Corporate Practices Committee

León Kraig Eskenazi
President

Cosme Alberto Torrado Martínez
Member

Gabriela Maria Garza San Miguel
Member

Fabián Gerardo Gosselín Castro
Member

Leticia Mariana Jauregui Casanueva
Member

Elizabeth Garrido López
Secretary (without being a member)

Roles and Responsibilities

- Suggest to the Board of Directors the criteria ideal for appointing or removing the Chief Executive Officer and other senior managers.
- Propose evaluation and compensation criteria for the Chief Executive Officer and other senior managers to the Board of Directors.
- Recommend the following criteria to the Board of Directors to determine payments to the Chief Executive Officer and other senior managers when they leave the company.
- Suggest the criteria to determine the compensation of the company's senior management team.
- Analyze the proposal made by the Chief Executive Officer on the staff's compensation structure and criteria.
- Study and present to the Board of Directors for approval the statement prepared to confirm the company's social responsibility, the Code of Ethics, and the system used to report improper behavior and protect whistleblowers.
- Evaluate and propose to the Board of Directors the approval of the formal leadership succession system and verify compliance with the terms approved.
- Study and propose the company's strategic vision to the Board of Directors to ensure its stability and permanence over time.
- Analyze the general guidelines presented by Senior Management to determine the company's strategic plan and follow up on its implementation.
- Review the company's investment and financing policies proposed by Senior Management and give its opinion to the Board of Directors.
- Give an opinion about the annual budget the Chief Executive Officer presents and monitor its application and control system.
- Evaluate the mechanisms presented by Senior Management to identify, analyze, manage and control risks to which the company is subject and give its opinion to the Board of Directors on the subject matter.
- Examine the criteria the Chief Executive Officer presents to disclose the risks to which the company is subject and give its opinion to the Board of Directors.

GROWTH

passion

TO

to serve is... **growth** that creates value

Growth means focusing on our operational aspects to direct leading brands, providing exceptional service and premium products supported by an exemplary supply chain in the industry. We also manage commitments to offer menus adapted to diverse lifestyles, labeling, communication and advertising responsible practices, and initiatives to avoid food waste.

Our supply chain

Ensuring our customers enjoy amazing experiences requires the joint work of collaborators and suppliers in integrated logistics efforts.

The supply chain is one of our greatest competitive advantages, a fundamental pillar in our strategy and generator of important efficiencies for our brands. All of this is reflected in a positive impact on the quality and safety of the dishes we serve every day.

The Alsea Operations Center in Mexico provides planning, supply, manufacturing, quality, new product development, logistics and distribution processes for over 2,150 stores.

In 2023, Alsea Mexico carried out a joint venture with Europastry and acquired Pagnifique to multiply the production that supplies our restaurants in the region.

All our production and distribution systems guarantee that food arrives at our restaurants in optimal temperature conditions, thanks to a continuous monitoring system of transport conditions and routes, available 24/7.

Supplier Development

GRI 204-1

We are responsible for ensuring that we have the best suppliers. Therefore, we contribute to their development and share our values and commitment to quality with them.

In accordance with our Global Procurement Policy, approval procedures, risk management and supplier audits, we guarantee health and safety throughout the supply chain by verifying all quality management systems in processes and facilities.

We implement a comprehensive approval, development and monitoring program for food preparation and packaging materials to ensure compliance with regulatory and health and safety standards required by the authorities and our strategic partners. This approach is relevant, considering that 90% of our suppliers in Mexico are small and medium-sized companies.

We have guidelines on human rights, labor rights, environmental regulations, and anti-corruption policies applicable to all our suppliers from the moment we begin our relationship, when they sign their acceptance of our Code of Ethics.

Our Global Procurement Policy also guides our commercial relationships based on respect and mutual benefit, promoting healthy competition and equal opportunities for all.

Local suppliers

Mexico	Europe	South America
98%	80%	90%

Responsible Sourcing

GRI 2-6, 3-3, 204-1, 414-1
FB-RN-430a.1, FB-RN-430a.2, FB-RN-430a.3

***Passion to serve* means we strive to establish processes taking into account those social, environmental and economic impacts that our supply chain can generate.**

Our sourcing process begins with selecting suppliers of goods and services. We choose suppliers with Global Food Safety Initiative (GFSI) certifications to ensure the quality of our raw materials and comply with our Quality and Food Safety Policy.

This year, in Mexico, 76% of our suppliers obtained this certification, demonstrating our commitment to food safety and quality of our products. We applied the Alsea third-party audit evaluation to suppliers that are not GFSI-certified.

Overall, 95% of suppliers were approved, combining both assessment forms. The remaining 5% that were not approved implemented an improvement action plan and will be re-evaluated in 2024 to ensure compliance with our standards.

We strive to ensure that the essential ingredients in our dishes have international sustainability certifications, such as Fairtrade, Rainforest Alliance, Round Table on Responsible Soy and Certified Sustainable Palm Oil.

In accordance with our responsibility regarding the origin of the products we use and in support of animal welfare, at Alsea, 24% of the eggs served in our restaurants come from cage-free hens.

100%
Suppliers were evaluated in quality and food safety practices

52
Supplier audits in Europe

95%
Suppliers approved through the Alsea Audit Evaluation in Mexico

FAIRTRADE

RAINFOREST ALLIANCE PEOPLE & NATURE

CERTIFIED SUSTAINABLE PALM OIL RSPO

ROUND TABLE ON RESPONSIBLE SOY

Manufacture

We deliver extraordinary quality and flavor products, optimize restaurant operations and maximize product standardization.

Our production plants prepare pizza dough and make bread, pastries, sandwiches, meat and processed products, and sauces.

We have established guidelines that guarantee the highest quality standards for our products to ensure our operational excellence in these processes and those completed by our suppliers. Our operations implement quality assurance systems recognized by international standards established by the Global Food Safety Initiative (GFSI). Our Alsea Safety and Quality Management System (SIGICA) also exceeds international food quality and safety standards.

46,000
Tons of pizza dough production per year

Food quality and safety

GRI 414-1, 417-1, FB-RN-250a.1

We are delighted to be part of our customers' lives through every dish we serve, every pizza delivered, and every coffee shared with friends. Hence, our commitment to food safety is fundamental and covers every single process involved in our operation.

+13,000
Food Safety Audits in stores and restaurants

Quality and food safety principles are our guidelines to guarantee our customers' health and well-being. By following these guidelines, our brands can offer dishes made with the highest quality and safety standards, guaranteeing the best hygiene practices throughout the entire process, from the purchase of supplies through the preparation of the dishes in our restaurants.

At Alsea, our brands and production centers apply the Hazard Analysis and Critical Control Point (HACCP) system every day, with a focus on procedures and controls based on quality standards to prevent and mitigate risks associated with food products, including microbiological analysis of surfaces in contact with food, and air and water quality of the facilities.

We plan verification processes through internal and external audits that allow us to evaluate compliance with our commitments and procedures while managing the risk levels of our activities in the region. These audits cover the review of quality standards, including microbiological analysis by external labs.

At Alsea, we work to ensure that everyone who requires it receives technical training in the operating procedures that ensure our compliance with the Corporate Quality and Food Safety Policy. All collaborators have access to manuals and training courses related to these policies and procedures.

Supplies

We follow rigorous acquisition and audit processes to guarantee the quality of the raw materials we use to prepare our products.

Conservation

We have cold chain traceability processes to ensure the supplies are stored and distributed at the right temperature to preserve their flavor and nutritional values.

Preparation

We implement strict cleaning and sanitation controls in the production areas of each phase of the process.

Service

We implement reception and storage protocols of supplies, as well as of preparation, hygiene of equipment and facilities maintenance.

Passion to serve **our customers**

3-3, 417-1, FB-RN-260a.1

Being when, where, and how our customers want requires that we make a major effort to get to know them so we can anticipate their needs.

At Alsea, we conceive customer satisfaction as the main objective that motivates us to look after every detail to be part of their most special moments, evolve with them and provide the right dishes for all tastes and preferences.

Options for all

We work to ensure all our restaurants are known for their inclusive and safe spaces.

Responsible Consumption

The inclusion and appreciation of diverse lifestyles guide us and confirm that our customers evolve in their food preferences and increasingly seek innovative alternatives without sacrificing flavor.

Hence, we have implemented initiatives to inform our customers about the calorie content of our dishes committed to consistently following the principles of responsible marketing and communications at all times. We have also taken steps to eliminate artificial flavors and colors and reduce sugar and fat content from some of our products.

We will continue to innovate with new dishes, ingredients and options to meet our customers' needs. For example, at Vips, we offer a children's menu featuring dishes created under the guidelines established by *El Plato del Buen Comer* (Healthy Eating Guidelines) and Official Mexican standard NOM-43-SSA2-2012 as well as low-calorie options for adults.

Inclusive and Safe Spaces

Some of our P.F. Chang's, Burger King, Chili's, Starbucks and VIPS restaurants offer universal accessibility facilities in some of its restaurants such as spaces that facilitate access and amenities for people with mobility limitations, parking spaces, bathrooms equipped with ramps, handrails and appropriate distribution for the circulation of wheelchairs, among other characteristics.

Another initiative our brands have implemented in Mexico includes Braille menus to promote the inclusion of persons with vision impairment.

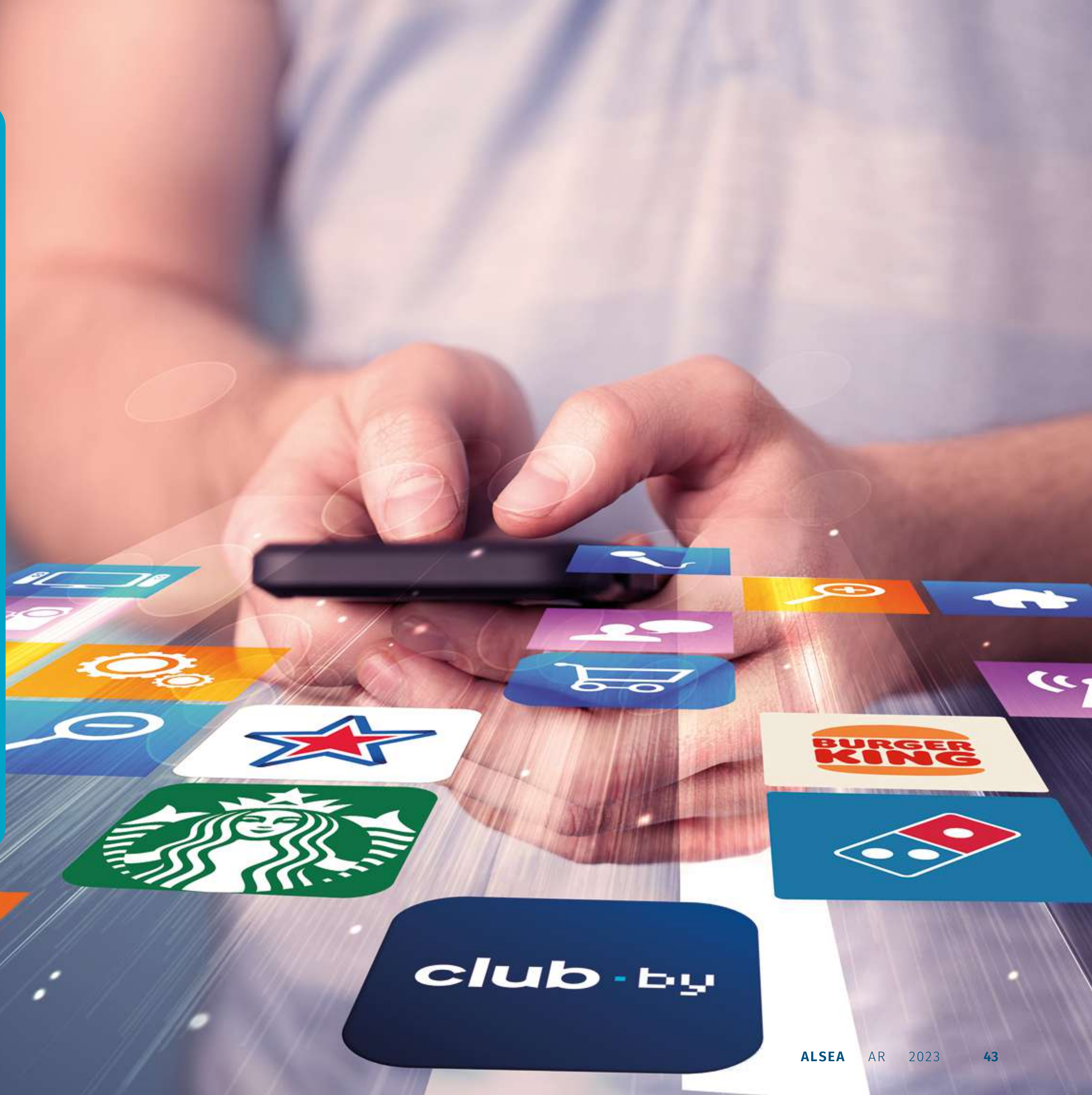
We provide inclusive experiences for all our stakeholders in our restaurants and digital media. In this sense, in 2023, we launched a new corporate website with a design offering users readable content and intuitive navigation in an interface focused primarily on enabling facilities for users with visual impairment.

Digitalization

***Passion to Serve* our customers also means offering them the right product in the right channel and time. Therefore, our digital transformation strategy is a priority to consolidate our leadership in the sector.**

In recent years, we have created innovative, attractive and avant-garde solutions focused on the needs of our customers and leading digitalization innovations. Ease of access to our products has reinforced customer loyalty, which translates directly into increased sales.

Our journey in 2023 was marked by an advance in digital sales by turning "transactions into relationships." This growth was achieved thanks to analyzing the information we obtain through the loyalty programs we manage in our Customer Relationship Management (CRM) platform.



Digital sales and data analysis

Being closer to our customers means implementing all the technological tools available to be closer to them wherever they are.

In 2023, we achieved record sales in our digital channels, with transactions accounting for 31% of Alsea's total sales, a solid 24.4% growth compared to 2022.

This growth is driven by our continued investment in digital technology, which has significantly impacted order volumes, which amount to 99 million, an annual increase of 26% compared to the previous year.

Thanks to data analysis obtained through our digital platforms, we can establish a segmentation that allows us to personalize our marketing strategies, adapt our efforts to improve our customers' experiences and build stronger and longer-term relationships.

31.0%
of Alsea's total sales come from digital channels

99 million
orders
+ 26% vs. 2022

7.4 million
digital customers*

* Customers have been active with Starbucks for 90 days and 180 days with Domino's Pizza, Burger King, and our full-service restaurants.

Loyalty Programs

Starbucks Rewards
Our loyalty program rewards our most loyal customers by giving them a special experience each time they visit our stores. Customers use the Starbucks Rewards app to earn stars for every purchase, which they can exchange for free beverages and other branded products and enjoy exclusive offers. We launched the program in Europe in 2023, enjoying great acceptance rates, reporting 520,733 members in Spain and Portugal by year-end.

Presence in *Mexico and Europe*

My BK
The first free loyalty platform in the fast food sector that rewards fans for their purchases. With each purchase made, the system awards *crowns members* can exchange for Burger King products.

Presence in Mexico, Chile and Argentina

Club By
It is the omnichannel platform we use in Europe to unify our Club VIPS and Fosterianos loyalty programs. It encourages customers to enjoy four brands through a single app, significantly expanding their options. At the end of 2023, we reported 858,191 app members.

Presence in Spain

Digital solutions

Starbucks Digital Solutions (SDS)

Starbucks Digital Solutions represents a comprehensive set of tools designed to optimize store operations, improve collaborator efficiencies, and strengthen connections with our customers. Implementing SDS has been key to driving significant growth in the Starbucks Rewards program, achieving a 62% increase in total rewards globally and a 23% penetration of total sales.

Domino's Cloud

Domino's Cloud highlighted Alsea's commitment to e-commerce and innovative digital solutions, such as GPS tracking and Domino's Rewards. This platform has been key to the transformation of Domino's Pizza's e-commerce, particularly in Mexico and Colombia, with expansion plans including Spain. It grew 4% in 2023, accounting for 31% of total sales.

Burger King

At Alsea, we developed a digital roadmap for Burger King that focused on implementing digital platforms to improve operational efficiencies, build customer loyalty, and increase sales.

Initiatives implemented by our brands

Actions built on shared objectives produce a multiplier effect.

Our brands implement local initiatives to contribute to our growth in the regions where we have a presence. With our knowledge of the sector, our customers' preferences and the help of technology, we create products to pamper our consumers and *Deliver happiness and experiences full of flavor.*

Digital kiosks

Burger King

Mexico

This year, Burger King launched digital kiosks, a platform that makes it easier for customers to place orders quickly. The kiosks consist of a touch screen that customers use to place their orders upon arrival at the restaurant.

We have made progress with its implementation in Mexico, which we plan to complete by June 2024. This effort increases average tickets in stores and reinforces the brand's competitive position in the region.

Starbucks rewards

Starbucks

Spain and Portugal

In 2023, we launched Starbucks Rewards in Europe to reward and thank our frequent customers who earn "Stars" with each purchase.

This program has two levels: Green and Gold. Both grant exclusive benefits obtained by accumulating "stars," which members can exchange for drinks or accumulate to level up and obtain additional benefits.

New burger menu

Foster's Hollywood

Spain

We introduced a new collection of ten hamburgers with authentic and genuine flavors. Each burger was carefully designed to highlight its rich flavors, keeping simplicity and quality at the heart of each variety.

We collaborated with the Research & Development Division to ensure an exceptional experience for our customers.

Dominosmanía

Domino's Pizza

Mexico

Domino's Pizza relaunched Dominosmanía between June 15 and 24, offering all pizzas for MXN 229 each, regardless of the size or ingredients.

We continued to innovate our recipes and ordering methods, reaching more than 16 million homes and selling more than 50 million pizzas in Mexico.

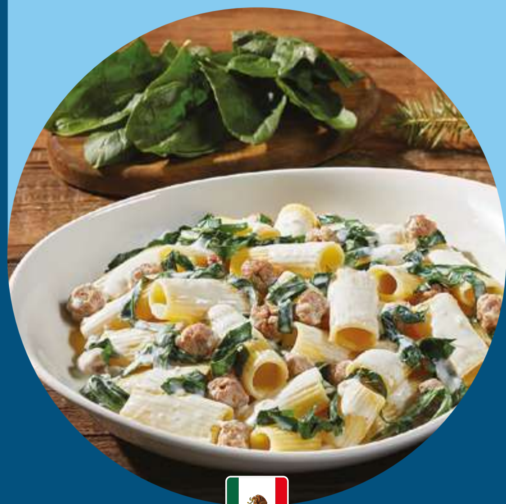
Pasta day

Italianni's

Mexico

On October 25, we celebrate Pasta day in Mexico, highlighting its versatility, nutritional value and universal popularity.

At Italianni's, we join the celebration with various innovative pasta-based dishes in the restaurant and on delivery platforms.



Mixology

Chili's

Mexico

Chili's has positioned itself as a tradition to escape from the routine, to relax and enjoy. From noon to close, we offer a wide range of cocktails, including those from our innovative mixology menu, which guarantees unparalleled customer experiences.

Gluten-free pizza

Domino's Pizza

Spain

The Spanish Federation of Celiac Association recognized Domino's Pizza gluten-free pizzas as one of the best products for celiacs of the year.

This award highlights the excellence of our offer. We are known for the fresh preparation of gluten-free pizzas with high-quality ingredients backed by a rigorous food safety process that guarantees the absence of gluten contamination.

DEVELOPMENT

passion TO *serve is…* well-being to grow and develop

Development is managing aspects related to the growth and well-being of our collaborators in an equitable, inclusive, diverse and safe work environment, offering them the flexibility they need to ensure work-life balance.

DEVELOPMENT

Alsea **Team**

GRI 2-7, 401-1, FB-RN-000.A

71,003
collaborators*

49.4% women

50.6 % men

67,179 Permanent or indefinite contract

3,083 Temporary contract

43,727 Full-time

34,212 Reduced working hours

Collaborators by region, age, and percentage

Mexico
32,697 / 43%

-18	0	0
18-20	2,290	1,848
21-29	8,951	6,676
30-39	3,710	3,110
40-49	1,647	2,165
50-59	696	1,311
60 +	155	138

South America
14,804 / 26%

-18	49	52
18-20	1,160	1,387
21-29	3,842	4,647
30-39	1,344	1,323
40-49	356	353
50-59	131	107
60 +	35	18

Europe
23,502/ 31%

-18	2	12
18-20	1,989	1,959
21-29	5,166	5,175
30-39	2,253	2,170
40-49	1,340	1,673
50-59	656	812
60 +	156	139

* It includes business units in Alsea Mexico, South America and Europe (Spain, Portugal, France and the Netherlands), being the most significant geographies with their own establishments.
* Article 32 in Argentina supports hiring collaborators ages 16 and 17: Capacity. Individuals can enter into employment contracts as of age 18 (eighteen). Individuals ages 16 (sixteen) and 17 (seventeen) may enter into employment contracts with the authorization of their parents, tutors or guardians. Such authorization is presumed when the adolescent does not live with them.

Talent attraction and retention

GRI 401-1, FB-RN-310a.1., FB-RN-310a.2

Thanks to the work done by our team of collaborators, *we deliver extraordinary results*. We value both those who are beginning their careers and those who enrich our lives with their experience.

In 2023, 95% of our collaborators participated in the ECO Global Engagement survey, and we scored 4.19, with 5 being the highest rating scale.

This year, we made 46,258 new hires and reported a 65% turnover rate, 6% below 2022. Part of our success on this index is attributed to the promotion of over 7,000 collaborators in Mexico and 1,925 in Europe this year as part of our objective to offer them a career plan based on collaboration and commitment. Total hours worked in 2023 stood at 127,233,183.

In 2023, the average hiring cost per person in Mexico was MXN 86.53.

These results motivate us to continue building a company offering the best personal and professional development experience for one of our most important stakeholders: our collaborators.

4.19/5.0 ECO Survey Results

49,199 Global hiring

1,925 Promotions in Europe 57% granted to women

+7,000 Promotion of collaborators in Mexico

65% Turnover rates in Mexico

New hires

Mexico	10,077	14,606
Argentina	1,299	1,047
Chile	1,425	1,401
Colombia	709	1,157
Uruguay	89	48
Paraguay	37	25
France	724	478
Netherlands	270	132
Belgium	5	2
Spain	6,936	8,482
Portugal	149	101

Annual turnover rate in Mexico

Training and qualification

GRI 3-3, 404-1, 404-2, 404-3

Building a passionate focused on common goals team, means supporting them in perfecting their skills and offering a development environment that promotes growth and fosters a sense of belonging.

To achieve these objectives, this year, we invested over MXN 81 million and implemented a continuous global training process designed to respond to the operation's needs or the collaborators' levels of competence.

Initial training

This training is mandatory for new hires who must learn our basic operating concepts, such as handling allergens, preventing occupational risks, equality, regulatory compliance and data protection, among others.

Brand training

This program provides training on the brand that hired them. During this process, collaborators are prepared for the activities, procedures and skills necessary to ensure their effective performance.

Continuous training

Specific training on products and skills for the work area ensures our collaborators stay up-to-date and receive training on transversal competencies periodically.

Training in the accompaniment process

This training program was created to promote collaborators to different levels of responsibility across the company. (Leaders Program).

DEVELOPMENT

1.9
Millions of training hours

4,356
Collaborators participated in the Owner Manager Program

75,228
Collaborators took a course at Alsea College

20,893
Collaborators trained in Human Rights

Collaborator training and development

GRI 404-1

At Alsea, we believe one of the best ways to recognize our team's value is to invest in their personal and professional growth.

Our training programs focus on promoting our collaborators' talent and leadership skills. Some of our main global training programs include:

In 2023, we implemented Train the Trainers courses and kicked off the Diversity and Inclusion Committee in Argentina, Chile, Paraguay, and Uruguay. We also launched the Generation BK program, aimed at promoting the employability of older adults.

Alsea College
Virtual learning platform offering management and skills courses at our collaborators' disposal.

Owner Manager
This leadership program was created to develop and strengthen skills that empower team leaders to make decisions. In 2023, 4,356 collaborators participated in it.

Training in Mexico

Alsea scholarships

This year, our goal was to promote the professional growth of our team, so we significantly increased the number of university scholarships awarded to our brand managers to a total of 94, representing four times more than those granted in previous years.

Classroom courses

We provide in-person training programs to enhance the skills of our Support Center collaborators in conjunction with prestigious universities in Mexico and abroad. We taught 143 Training and Development courses to 687 collaborators for 24,917 training hours.

Alsea operations academy

Through the Alsea Operations Academy, we trained directors of various areas and brands. The Academy offered 59 courses and over 513 hours of training, with 70 internal instructors participating. This approach helps cultivate a multidisciplinary and operational profile among participants, preparing them to lead a business unit.

94 University scholarships

143 Training and development courses

687 Collaborators

+24,000 Training hours

59 Courses for directors

53 Training hours

Training in Europe

Alsea classrooms

Alsea Classrooms is a free, open-access training offer created to improve our collaborators' skills and competencies. It is open to everyone wishing to improve since we aim to provide the best tools to those interested in the following training fields:

- Digital and office skills classroom
- Restaurant management classroom
- Psychosocial well-being classroom

University certification program for managers and zone managers

We created this program to provide academic recognition to our restaurant managers by acknowledging their skills and competencies. They are also trained in economics, marketing, human resources, and restaurant management skills and concepts.

University certification program for chefs

This 50-hour program was created to grant academic recognition to our chefs. It provides them with the tools they need to control essential parameters when evaluating the operation's results. The program covers everything from a department's organization and processes to budget, inventories, waste control, conversion factors and costs.

Training in South America

Cosmos learning

Our collaborative learning platform works as a social network where we share content of interest and follow other users based on the content they publish.

This platform allows us to act as learning leaders, helping other collaborators in their training processes and positively impacting the business.

This initiative offers us a learning experience tailored to our needs and interests. We can also access courses, workshops, talks and videos designed for our individual roles or explore information about other areas across the company, request real-time feedback and identify strengths and areas for improvement. This year, 82% of our collaborators were registered and we provided more than 7,500 hours of training and over 5,400 pieces of shared content.

Talent management cycle

GRI 404-3

We want our collaborators to inspire by example. Identifying our best talent contributes to their development, allows us to recognize their contributions, and strengthens our culture.

We have an Alsea leadership model to clarify what is expected from all company leaders. The Alsea Leadership Index (ILA) is the vehicle our leaders can use to ensure the visibility of their teams' experiences based on their leadership styles. We strive to leverage strengths and promote individual opportunities for improvement.

Collaborators evaluated

24,930 By objectives	13,659	11,271
20,774 Through calibration	11,547	9,227
423 Through the Alsea Leadership Index	165	258

Diversity, equity and inclusion

GRI 405-1

We can all develop our full potential when we improve our skills.

At Alsea, we provide development opportunities to collaborators with diverse abilities and reaffirm our commitment to labor equity and inclusion.

Our Diversity, Equity & Inclusion (DEI) Policy establishes guidelines for diversity standards, labor equality, non-discrimination and the inclusion of priority attention groups.

In 2023, we continued to promote initiatives to ensure our teams include individuals from different backgrounds, lifestyles, ages and abilities.

We reaffirmed our commitment to ensuring that at least 5% of our workforce belongs to priority attention groups. Thanks to the initiatives implemented, we achieved a 44% increase in collaborators in these groups compared to our global figures reported in 2022 globally.

1,999
Collaborators
belonging to a priority attention group

Collaborators belonging to a priority attention group

Over 60	With disabilities	Refugees and young people in vulnerable situations
742	415	842

At Alsea Europe, our application of the Incorporation Protocol for People with Disabilities guarantees an effective and equal onboarding process from the approach to companies and associations specialized in the labor insertion of persons with disabilities through their adaptation, support and development process. In 2023, our team was made up of 117 people with disability, 13% more compared with 2022.

We also entered into a collaboration agreement with Down Spain to work on the development of actions aimed at improving the employability of people with Down Syndrome and/or intellectual disabilities under conditions of equality with the rest of the collaborators.

Global diversity, equity and inclusion practices

Non-discrimination
We know that our greatest wealth comes from our differences.

Behavior
We are respectful and polite. We live in a culture that promotes dignified treatment for all.

Inclusion
Collaborators with disabilities, older adults and people from all priority attention groups are welcome to join the team.

Equity
Men and women enjoy the same opportunities, treatment, professional promotion and working conditions.

Flexibility
We reconcile our personal and professional lives by ensuring a better distribution of effective work time.

Consult our Diversity and Inclusion Policy: www.alsea.net/uploads/es/documents/general_documents/alsea-politica-diversidad-inclusion-2022.pdf

DEVELOPMENT

Gender equality and women in leadership positions

GRI 405-1

We are stronger working as a team, so we promote equal opportunities and value the benefit of having diverse perspectives to generate creative and innovative solutions.

As a result of our efforts, in 2023, 28% of management positions were filled by women, reflecting our commitment to gender equality and the recognition of talent without distinctions.

We firmly believe that individual skills and merits are the main criteria to access leadership and responsibility roles in our company, which is why our Talent Attraction hiring processes (job pool in Mexico) and Únete (Alsea's recruitment center in Mexico) establish that at least one candidate on the shortlist presented must be a woman with experience and adequate and competitive qualifications.

We include actions with a gender perspective in all our Human Resources processes to provide an equitable basis for development, with a key focus on five dimensions.

Commitment from *Top Management*

- Communication of the organizational position and strategic agenda
- Alignment with quantitative objectives

Leadership Development

- Training focused on women
- Mentoring and support
- Employee retention and promotion processes

Organizational infrastructure

- Protocol for preventing and responding to violence and harassment
- Flexible compensation plans and schedules
- Extended maternity and paternity leaves

Behavior

- Training to prevent unconscious bias at all levels
- Management training in gender equality
- Best practices to mitigate gender discrimination in talent management processes

Metrics

- Pay gap analysis
- Key indicators with a gender perspective in all our processes

Parental leaves

GRI 401-3

Our collaborators are committed professionals who work passionately to serve and value their professional careers and family lives. At Alsea, we want to give them time and space to adapt to the changes that arise with the arrival of new family members.

Our Diversity and Inclusion Policy reaffirms our commitment to supporting fathers and mothers of newborn babies through parental leave in all the geographies where we are present.

We recognize the importance of supporting our collaborators in one of the most special moments of their lives: the arrival of a child into their family. Therefore, we offer paid parental leave so fathers and mothers can receive and care for their newborns with full peace of mind. In 2023, 99% of our collaborators who took their parental leaves returned to work.

1,089 Collaborators took advantage of their parental leaves

60% Women

40% Men

We want all of them to enjoy this period and feel welcome when they return. To achieve this, we offer flexible schedules to accommodate childcare services and encourage collaborators with children under three to avoid working on weekends to the extent possible.

Well-being in the workplace

GRI 3-3, 401-2, 401-3 403-3, 403-4, 403-5, 403-6
FB-RN-310a.2

To bring happiness and experiences full of flavor **begins with our collaborators' well-being. It is essential for them to develop a physical, mental and emotional balance.**

Health

In 2023, our En Línea Contigo (In Line with You) program in Mexico provided free psychological support to 2,851 collaborators who requested this help.

We also invested in physical health services for the entire work team to contribute to disease prevention.

In Europe, we addressed these issues through communication and awareness campaigns to promote good habits in workplace safety and healthy nutrition. We also address road safety issues with all delivery staff members.

46
Global health campaigns

Decent income

At Alsea, we work to provide better working conditions for our work team with an income that contributes to improving their quality of life.

To determine if the income of our collaborators exceeds this line of well-being in Mexico, we use the information published by the National Council for the Evaluation of Social Development Policy (CONEVAL) as our baseline. The methodology compares the monthly poverty line indicator issued by government institutions versus the total monthly income per collaborator, including wages, cash benefits, bonuses, employee profit sharing, and tips. We are currently at 90% of our decent income goal in Mexico.

Freedom of association

We respect the right of free collective association. All (100%) of our collaborators in Mexico and Europe are represented by an independent union, with the numbers in South America standing at 2.5% in Colombia, 58% in Argentina, 44% in Chile, and 45% in Uruguay.

61,675 of our global collaborators work under a collective agreement.

Security systems

GRI: 403-2, 403-4, 403-5, 403-6, 403-7, 404-8, 404-9

In 2023, Alsea Comprehensive Security in Mexico committed to standardizing security technology in stores and increasing the number of business units with access to GPRS-IP equipment. We reported 73% progress in implementing this technology, significantly improving communication between safety and security teams and restaurant alarm systems.

Our Alsea Emergency Assistance Center (CAEA) in Mexico maintained its legal advice and monitoring activities, taught workshops and organized work tables for 2,962 collaborators working for different brands, and assisted in equipping and updating new projects, remodeling, civil protection and seismic alerts. Furthermore, in response to the emergency caused by Hurricane Otis in the state of Guerrero in southwestern Mexico, it coordinated the immediate response services on-site, installed the control point for the delivery of food supplies, secured stores and collaborated in security technology reequipment tasks.

Risks Prevention

To safeguard our collaborators' physical integrity and well-being, we use technology to evaluate potential risks and implement preventive processes that promote optimal working conditions. This year, 483,077 hours were lost to injuries, 23% less than in 2022.

Our Occupational Risk Prevention Policy is built on four lines of action:

- **Preventive training**
- **Communication of opportunities for improvement**
- **Accident investigations**
- **Consultation and participation**

Alsea Europe has 3 Health and Safety Committees that meet to discuss the issues proposed by the Legal Representation of Workers, follow up on occupational health and safety issues and propose, analyze and approve future actions and projects. In 2023, we held 12 meetings and addressed over 103 safety and health risk and improvement notifications.

73%
Stores in Mexico are equipped with digital technology security systems

1,944
Preventive visits based on risk assessments, inspections and accident controls

-23%
Work hours lost due to injuries vs. 2022

Human Rights

We are a team proud to work in an environment of respect and harmony. We promote the principles established in our Global Human Rights Policy because we believe that everyone deserves the best treatment.

Our adherence to the legal framework of all the countries where we have a presence ensures compliance with human rights best practices.

Our policy shares our position of rejection of child or forced labor and total acceptance of the right of freedom of association and collective representation.

We trained 20,843 collaborators on Human Rights and labor issues to disseminate our policy this year.

At the end of 2023, we published the Protocol for the Prevention and Intervention in Cases of Violence and Workplace and Sexual Harassment, aimed at ensuring an environment free from violence and workplace and sexual harassment, including gender violence and harassment. In this sense, the Protocol contemplates two fundamental aspects: 1) The adoption of prevention measures, such as actions focused on raising awareness and training on the problem, and 2) Establishing a formal procedure for handling complaints about acts of violence, workplace and/or sexual harassment, including gender-based violence, seeking to ensure that people who work at Alsea in Argentina, Chile, Paraguay, and Uruguay enjoy the protection of their dignity and psychological, physical and sexual health, creating an environment of containment so those affected feel safe to report acts of violence and harassment.

By launching our Protocol for the Prevention and Intervention in Cases of Violence and Workplace and Sexual Harassment, our company demonstrates its firm commitment to the safety and well-being of all collaborators, establishing a solid foundation to create a healthy and respectful work environment throughout Alsea with all its brands.

Learn more about our Human Rights Policy at: www.alsea.net/uploads/es/documents/general_documents/alsea_politica_derechos_humanos.pdf

Social **commitment**

GRI 3-3, 415-1, 413-1

At Alsea, we share with our partners and civil society the responsibility of building a sustainable future by investing human and material resources to cultivate community well-being.

We focus on three areas that we consider fundamental: actions against hunger, supporting education and employability.

+$88 million of pesos donated

+124 Tons donated

Fundación Alsea, A.C.
Mexico

Fundación Alsea's mission is to bring happiness to vulnerable persons and communities through sustainable social investments promoting food security, education and employability.

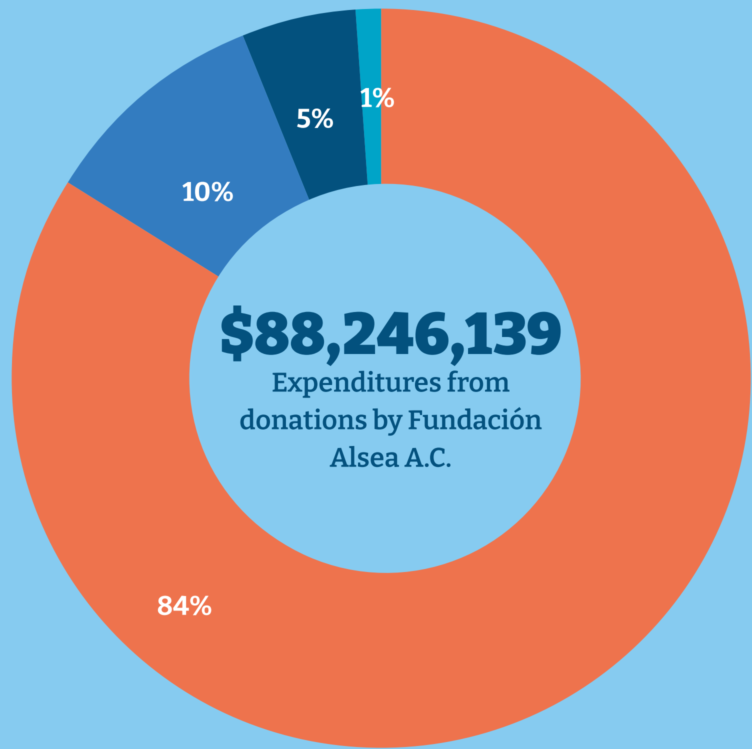
Alsea Fundación

Revenues in 2023

$93,943,146

The foundation participates in different initiatives directly or in collaboration with civil society organizations and its brands to achieve a multiplier effect and produce the greatest impact possible.

In 2023, Fundación Alsea, A.C. invested more than MXN 88,000,000, achieving positive impacts in all its lines of action and directly benefiting more than 2.9 million people.



Lines of action
Amount and percentage of expenses

- **Food 84%** — $73,870,174
- **Education and employability 5%** — $4,368,110
- **Associations in which Alsea participates 1%** — $687,000
- **Community development 10%** — $8,822,599
- **Volunteering 0%** — $163,256
- **Events 0%** — $335,000

+124 tons
In-kind donations to food banks

14,966
Volunteer hours

28
NGOs supported

The It's On Me Movement

For over a decade, the It's On Me Movement has been driven by a clear purpose: Support the eradication of food poverty in Mexico to ensure that people who suffer from hunger have access to nutritious food. Since its inception, the movement has delivered more than 8.7 million meals.

In the last period, the movement's annual fundraising campaign broke all records by raising MXN 54.8 million to ensure the possibility of feeding over 6,000 persons in 25 food kitchens daily, benefiting more than 2.4 million people.

The It's On Me Movement in Colombia continues to grow, reporting highly favorable results. It carried out nine volunteer work assignments in foundations sponsored by Alsea and three days in food banks.

25
Food kitchens supported in Mexico

+8.7
Million meals served

+2.4+
Million people benefited

$54,895,832
raised
+23% vs. 2022

Origin:

$24,554,333
Raised among customers

$15,376,870
Product with a cause

$7,636,264
Donated by strategic partners

$3,328,363
Donated by collaborators

Figures expressed in millions of Mexican pesos

it's on me

2,256,324 meals served

Comedor Santa María A.C.	654,647
Huellas de Pan A.C.	62,885
Restauración, Salud y Prosperidad A.C.	27,078
Fundación John Langdon Down A.C.	5,582
Fondo para la Paz I.A.P.	35,257
Save the Children México A.C.	1,470,875
Total	**2,256,324**

2,470,718 beneficiaries

Comedor Santa María A.C.	3,572
Huellas de Pan A.C.	300
Restauración, Salud y Prosperidad A.C.	2,709
Fundación John Langdon Down A.C.	76
Formadores Mexicanos A.C.	500
Fondo para la Paz I.A.P.	116
Save the Children México A.C.	1,551
Asociación Mexicana de Bancos de Alimentos A.C.	2,461,894
Total	**2,470,718**

Collaboration with other It's On Me partner organizations

Alsea race with a cause

Our collaborators actively share Alsea's values, and proof of this was seen in their participation in the first Alsea race, an activity organized to promote health, solidarity and spending time with family members, positively impacting the communities in which we have a presence.

In 2023, we organized the first edition of this race with the participation of 1,000 collaborators and their family members. Our participants' helped raise 3,000 kilograms of rice that went destined to the Mexican Food Bank Network to benefit more than 740 mexican families.

Truck donations

Alsea and its brands, through the It's On Me Movement led by Fundación Alsea, A.C., delivered two five-ton truckloads and three 1.5-ton truck-loads to five Food Banks in the BAMX Network in the states of Chihuahua, Jalisco, Sinaloa, Tamaulipas, and Veracruz in Mexico, significantly increasing the association's ability to fight hunger among vulnerable populations.

This effort supported the BAMX Network in rescuing more than 4.3 tons of food and preparing over 145,000 food packs to benefit more than 26,000 families directly.

it's on me

BAMX
BANCOS DE ALIMENTOS DE MÉXICO

Employability and education

Education and employment encourage personal and social development, so we strive to ensure that young people have the necessary skills to access quality jobs that allow them to live decent lives.

The Integra Program is a joint investment between Fundación Alsea A.C. and the Starbucks International Foundation, which provides education and employability opportunities to youth in vulnerable situations.

In 2023, the program awarded MXN 5.7 million, benefitting more than 4,700 young people through the work of 18 social organizations in Mexico:

Mexican Association for the United Nations for Youth (AMNU Jóvenes A.C.) (Education for Sharing); Fundación MVS Radio A.C.; Mano Amiga Chalco A.C.; Bécalos; Forge A.C.; Fundación Mitz A.C.; Fundación John Langdon Down A.C.; Centro Comunitario Santa Fe A.C.; Universidad Anáhuac del Sur S.C.; Fundación UP IPADE A.C.; Comedor Santa María A.C.; SEDAC I.A.P.; Fondo para la Paz I.A.P.; Gastromotiva México A.C.; Acción Cultural y Social de Monterrey A.C.; Sistema Desem A.C. (Junior Achievement); Asociación Pro-Personas con Parálisis Cerebral (APAC, I.A.P.); and Fundación Amparo I.A.P.

On the other hand, through the Academic Excellence program, Fundación Alsea, A.C. delivered 1,421 packages of school supplies to its collaborators' children and 1,579 school supply packages to different beneficiaries of the It's On Me Movement in Mexico, benefiting 3,000 elementary, middle and high school students.

Initiatives such as Academic Excellence and Integra allow us to link our purpose *To bring happiness and experiences full of flavor* with one of the most important aspects of human development: education."

In 2023, Alsea in Europe and South America promoted various actions to encourage the labor insertion of young people in vulnerable situations and enhance their professional development. These actions provided them with tools to increase their employability, facilitate their job search process, and promote equal opportunities for men and women.

In South America, 142 volunteers from different areas, brands and countries dedicated 329 hours to actions, such as simulated interviews, mentoring, work skills workshops, testimonial sessions, company panels, participation in job fairs and the *Genomatón* , impacting 698 youth on their path to employment. Alsea in Europe has done much work on employability programs involving more than 300 volunteers and impacting more than 1,500 persons.

Integra

$5.7
Million pesos granted

6,856
Beneficiaries

Solidarity night
South America

As part of our efforts to fight hunger, we held the Alsea Solidarity Night to raise donations for the Food Bank and the CONIN Foundation in Argentina.

This year, we organized an event that gathered over 300 guests, including collaborators, strategic partners, opinion leaders, prominent figures in Argentina's social and humanitarian fields, and more than 30 corporate sponsors. The evening consisted of a dinner with live music, prizes and surprises, where attendees enjoyed the experiences offered by our Burger King and Starbucks Coffee brands, as a token of appreciation for their generous contributions.

The event raised over 780,000 pesos, benefiting more than 400,000 people. We will continue to promote this initiative to expand our reach and benefit more people who suffer from hunger and malnutrition in Argentina through the food kitchens and care centers supported by the Food Bank and the CONIN Foundation.

FUNDACIÓN CONIN

BANCO DE ALIMENTOS
MENOS HAMBRE, MÁS FUTURO

Alsea Award

At Alsea, we support the Research & Development of innovative nutrition and/or food projects because we want to help millions of people who face serious challenges regarding eating healthy meals.

The Fundación Alsea, A.C. and World Vision Mexico announced the winner of the second edition of the Alsea Award in a ceremony held at the Interactive Museum of Economics (MIDE) in Mexico City.

The winning project, proposed by the Center for Advanced Studies in Nutrition and Food (CESNUTRAL) of the CES University in Colombia and coordinated by Dr. Faiber Jaramillo Yepes, received recognition and USD 150,000 to execute its focused proposal to reduce food waste.

According to the United Nations Environment Program (UNEP), households worldwide produce almost 570 million tons of food waste annually, an average of 74 kg per person.

The winning research, titled *Biofortified Food Supplements for Families in Vulnerable Conditions: a Sustainable Strategy to Take Advantage of Food Waste and Strengthen Local Food Systems*, intends to address this problem by developing food supplements from local food products and waste, subject to strict quality controls to maximize the utilization of losses and reduce food waste.

PREMIO ALSEA

150,000 USD
Prize to develop the project

DEVELOPMENT

3
Millions donated by Alsea and World Vision Mexico

2,000
Food baskets delivered

+10,000
Beneficiaries

Support for hurricane Otis victims

The commitment to providing extraordinary support in the face of adversity motivated the It's On Me Movement to extend its fundraising campaign through December 15th. The movement raised MXN 1.4 million to support hurricane Otis victims in Guerrero, Mexico.

To collaborate with other organizations to benefit more people, World Vision Mexico matched this contribution by raising it to MXN 2.8 million. Kitchen equipment was also delivered to the World Central Kitchen organization, which prepared and distributed more than 40,000 warm meals to the victims.

Given the magnitude of the needs in Guerrero, the Alsea Foundation also activated the emergency fund for vulnerable communities facing disasters, continuing with the coalition established with World Vision Mexico, initially donating MXN 1.5 million and delivering 2,000 food baskets, benefiting nearly 10,000 victims.

Aqua Towers

Water is essential for life. Hence, we are determined to support projects that bring this resource closer to the communities that need it most.

As part of our goal to install 25 Aqua Tower systems in the next five years and guarantee vulnerable communities' access to running water, Fundación Alsea, A.C., The Starbucks Foundation, World Vision México and the Planet Water Foundation implemented one of these systems at the Escuela Telesecundaria Cuauhtémoc in the state of Veracruz in southeastern Mexico.

Planet Water Foundation's Aqua Tower system provides access to safe drinking water in rural communities. It consists of a three-stage water filtration solution that produces 1,000 liters of clean, safe drinking water per hour.

1,000
Liters per hour (filtering capacity)

+5,000
Persons benefited
(15-year forecast of useful life per tower)

The installation of this water tower will directly benefit 246 students, faculty and administrative staff, with an estimated 3,750 beneficiaries over its useful life, which is expected to last at least 15 years.

Two additional towers were installed in Cundinamarca, Colombia, where residents have difficulty getting water from the aqueduct and must travel to take untreated water to their homes.

As part of the program, within the framework of World Water Day, another AquaTower was installed in Sesquilé, Colombia, where ten volunteers gathered to assemble and erect the system, install the water filters and plumbing fixtures and help roll out Planet Water's Water Health and Hygiene community education program.

Initiatives implemented by our brands

At Alsea, we know there are no small tasks; all actions count.

The importance of working together on programs that promote people's well-being lies in the ability to generate a positive and significant change in their lives.

With this inspiration, we work with our brands, collaborators and civil society organizations to build a more inclusive, fair and sustainable future for all.

Good meal

Starbucks

Chile

Starbucks Chile features an app that offers food packs that are about to expire to promote food rescue.

The initiative involves selling surprise packages of products that do not sell by the end of a shift or day. Consumers can use the app to find stores selling these products at a at an affordable price.

Too Good to Go

Domino's Pizza, Ginos, Starbucks and VIPS

Europe

VIPS, Domino's Pizza, Ginos, and Starbucks stores use this initiative to offer consumers the possibility of purchasing surprise packs with their surplus food of the day at affordable prices by checking availability through the mobile app in Spain, France, and Netherlands.

Our collaboration with the Too Good to Go app allowed us to sell more than 170,000 food packs in 2023.

1x2

Starbucks

Spain

Starbucks runs the 1x2 campaign against hunger, which consists of offering a 50% discount off the usual price of food before it expires, one hour before closing in its stores in Spain and Portugal every day, thus encouraging the use of food and preventing waste. All proceeds from these sales were donated to Action Against Hunger, as the stores sold over 67,000 products in 2023 and donated more than MXN 1.9 million.

Domino's collaborates

Domino's Pizza

Spain

Domino's Pizza has donated EUR 175,697 to six Spanish foundations through its University Cards program, which donates EUR 0.50 for every order students place. The beneficiaries include Fundación Diabetes Cero, Nexe Fundación, Down Vigo, Fundación Síndrome de West, Fundación Phelan-McDermid and Fundación Theodora, who will execute cause projects with the funds obtained from the donation promoted by Domino's Collaborates.

Openings with a cause

Domino's Pizza, Ginos, Starbucks and VIPS

Europe

In 2023, Starbucks joined the Openings with a Cause project in Europe to donate all proceeds from the first day of sale at new locations to different organizations with local projects near our restaurants.

This year, we benefitted over 25,000 persons and donated more than MXN 1.9 million.

Park bench donations

Domino's Pizza

Uruguay

Domino's Pizza joined the "Greener Montevideo" program by donating 32 plastic park benches to Montevideo's City Hall for installation in different parts of the Uruguayan capital.

The benches are made from recycled materials and have a longer lifespan than conventional wood, so more people can enjoy them for longer without affecting the environment.

Jr. Pizza Maker

Domino's Pizza

Uruguay

Domino's Pizza Uruguay launched the fun Jr. Pizza Maker initiative to generate a positive impact and promote creativity and teamwork in our Montevideo community.

More than 100 boys and girls from schools and civil organizations gathered to learn how to make pizza, promoting the value of teamwork and spending time together as a community.

Fundación John Langdon Down

P.F.Chang's

Mexico

One of P.F. Chang's initiatives in Mexico this year included the donation of MXN 558,240 to the John Langdon Down Foundation to support young people with Down Syndrome, as the proceeds obtained from selling the "Bento Box with a Cause."

Food bank

Distribution Center

Spain

Like every year, we take advantage of the food surplus produced in our logistics warehouse due to menu changes, products about to expire, and other things that we donate to the BAM Food Bank.

This year, we donated over five tons of food to indirectly benefit more than 180,000 persons in vulnerable situations through BAM civil organizations partners.

Pathway to employment

Burger King, Domino's Pizza, Foster's Hollywood, Friday's, VIPS, Ginos and Starbucks

Europe

It is a socio-labor insertion project for people in vulnerable situations. It consists of several phases that include the development of pre-employment skills and technical and practical training in our facilities. Volunteer tutors and mentors from our operations support the program. Until now +1,500 people have participated with the support of +300 volunteers.

Solidarity portion

Domino's Pizza

Spain

This year, Domino's Pizza converted its Eat & Drink promotion into a solidarity action to raise customers' awareness of the need to reduce food surplus.

Customers donate one euro for each slice of pizza they take home, which we then donate directly to the Red Cross.

In 2023 more than 5,000 portions were sold with an estimated value of $97,000 pesos.

Santa María Foundation

Starbucks and Ginos

Portugal

Our brands work with the foundation to provide technical training and non-formal education to families and youth in vulnerable situations, helping them find jobs.

These actions supported more than 260 young people and 140 families.

France Terré d´Asilé

Starbucks

France

The "Duos De Main" project's purpose is to assist young refugees or those under asylum in France in contacting young french people, creating ties in the country, and improving their language skills or relationships with their surroundings.

Starbucks backs this effort through different actions, such as pre-work techniques and the provision of meeting spaces, supporting more than 400 young people.

Just a Change Foundation

Starbucks

Portugal

Together with the Foundation, the collaborators support the reconstruction and renovation of homes of families in vulnerable situations.

This action involved more than 270 collaborators who supported their community, benefiting 14 families through this organization.

Arpejeh

Starbucks

France

Starbucks works with this organization to offer job search training for people with physical, sensory or intellectual disabilities and provide them with special equipment to do their jobs.

Thanks to the support provided, we have helped 30 people find their first job.

BALANCE

passion TO serve is... contributing to the environment

Balance is carrying out actions aimed at caring for our environment by efficiently managing natural resources, such as energy, water, emissions, supplies and waste disposal. At Alsea, we adopt a preventive approach to environmental issues.

-60%
Waste of pizza dough in Europe vs. 2022

Waste management
and circular processes

GRI: 3-3, 306-1, 306-2, 306-3, 306-4, 306-5
FB-RN-150a.1., FB-RN-150a.2

Our waste management processes are one of our environmental priorities. At Alsea, we have made a huge effort to change our packaging, reduce single-use plastics, use continuous-use containers and separate waste to make it recyclable and reusable. We know it is a long-term task, but we are on the path to getting there.

Waste generation and reduction

Our Global Environmental Policy establishes our waste management and reduction guidelines to reduce the negative impact generated by our operations. We seek to reduce, recycle and reuse waste derived from our activities, revalue it and establish viable alternatives to ensure its proper disposal.

Alsea Europe has managed over 40 tons of waste, including packaging, hazardous waste, cardboard and clean plastic. Furthermore, as part of our responsible organic waste management activities, we destine fat derived from oil by-products to the biodiesel production industry and take meat waste to the animal feed industry.

Comprehensive waste management and reduction

In 2021, all our Starbucks coffee shops in Mexico implemented our "Everything and everyone for the planet" initiative. To reduce the consumption of disposable packaging, customers were encouraged to bring their cups or thermoses every time they visited Starbucks, and they were offered a discount every time.

We also replaced plastic containers with compostable materials that are more easily degradable and are made primarily of cardboard.

Recycled waste

	Mexico	Europe	South America
Oil (liters)	707,200	540,680	336,000
Food (metrics tons)	195	-	75

Emissions

FB-RN-150a.1., FB-RN-150a.2

We strive to reduce emissions by focusing on energy efficiencies, using renewable and clean energies, and implementing environmental awareness activities.

Sustainable mobility in Europe

At Alsea Europe, we implement initiatives that improve mobility processes to reduce greenhouse gas emissions.

One of our objectives is to offer a more sustainable delivery service, and we are committed to gradually changing our fleet. This year, we ensured our delivery drivers in all business units used 15% of electric vehicles. Burger King Europe currently has 3,000 electric motorcycles in Spain.

We support our collaborators in purchasing electric motorcycles and bicycles, financing a percentage of their cost. Through this project, we contribute to promoting and raising awareness of the need for sustainability among our team.

We have installed charging stations for electric vehicles inside our factories and parking spaces for skates and bicycles to encourage eco-friendly transportation.

Regarding emissions, in Mexico, we take an inventory of Compounds and Greenhouse for all our brands and report them to the National Emissions Registry, complying with the General

Energy

GRI: 302-1, 305-1, 305-2, 305-3
FB-RN-130a.1

At Alsea Mexico, we implemented planning and design software for distribution routes throughout our supply chain to reduce time and distance in our transportation services, thus reducing fuel and CO^2 emissions.

As a proof of our interest in environmental care, this year, we filled out the CDP (Carbon Disclosure Project) Climate Change questionnaire again, through which we identified opportunities for improvement and specific risks related to climate change.

GHG emissions Scope 1

	Mexico	Europe	South America
$tonCO_2eq$	103,136	17,561	6,742

GHG emissions Scope 2

	Mexico	Europe	South America
$tonCO_2eq$	73,200	34,449	17,965

Total energy consumed

	Mexico	Europe	South America
GJ	957,552	756,091	238,632

1,594
Solar panels in Europe

In Europe, we implemented efficiency measures that have helped us reduce energy use in our restaurants. These include LED lighting, frequency regulators in extractor hoods and light sensors.

We also renewed an important part of our climate and industrial refrigeration equipment and plan to continue implementing these changes in 2024. These actions allow us to take a step forward in the optimization and efficiency of our equipment and processes.

Clean energy

Our clean energy supply in Mexico has a lower emission factor than conventional energy, and it represents 39% of total consumption.

Renewable energy

We installed 1,594 solar panels in Europe on 75% of our input factories. This reduced CO2 emissions by 21.2% and significantly increased renewable energy production.

Energy consumption from renewable energy sources

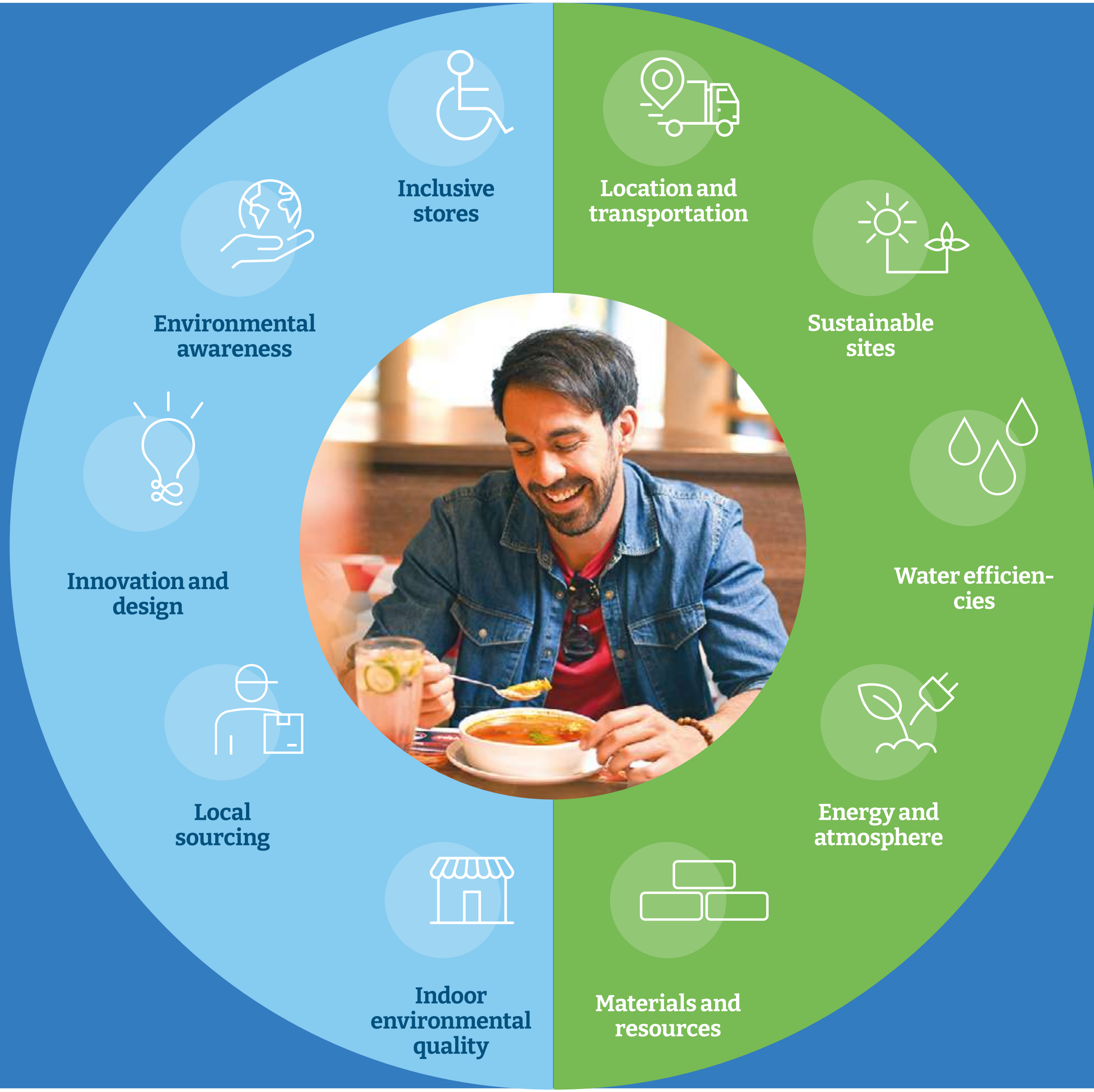
	Mexico	Europe	South America
GJ	297,246	191,612	103,000

50%
Of the energy consumed in Europe comes from certified renewable energy sources

Sustainable stores

In 2023, we adopted new design and construction guidelines based on best practices and international sustainable criteria, such as those described as follows:

- Location in places with pedestrian access
- Respect for the site's biodiversity
- Low water consumption and energy-efficient systems
- Use of sustainable construction and decoration materials
- Hiring local suppliers
- Promoting sustainable approaches
- Accessible designs for customers with mobility limitations, among others



Greener Stores

In 2023, 85 of our Starbucks stores in Mexico and South America were certified under the Greener Store Framework.

To obtain this certification, you must successfully comply with 25 mandatory standards verified by an external auditor in eight areas related to environmental impacts, such as energy efficiency, water management and waste diversion. These standards were developed with the World Wildlife Fund (WWF) and SCS Global Services.

Greener Stores are known for their eco-friendly construction systems and operating processes. From the design, they incorporate technologies for water saving and energy efficiencies, responsible waste disposal processes, and eco-friendly packaging materials. These stores are designed to reduce their energy consumption by 30% and carbon footprint by 20%. In addition, the new light-colored roof reflects between 70% and 80% of sunlight and all store signage and interior and exterior lighting use LED fixtures.

Some of the standards characterizing a Greener Store are as follows:

Water stewardship

Recovery of water from the store's ice machine and water filtration system reclaimed to flush the toilets.

Energy efficiency

Retrofitting store lighting to LEDs, installing more energy-efficient appliances, and standardizing energy-use schedules and heating/cooling temperatures.

Responsible materials

Limit the use of volatile organic compounds, such as paints, coating, adhesives and sealants, that can harm the environment and degrade air quality.

Renewable energy

Installation of EV charging stations and on-site solar energy that help mitigate greenhouse gas emissions and improve local air quality.

Waste diversion

Clear signage around what items go in what bin and collecting ground coffee for compost.

Water

GRI: 303-5, FB-RN-140a.1

At Alsea, we have implemented several initiatives to monitor and reduce water consumption. We strive to establish the standardized control of its use and will use the results to implement new initiatives.

We promote water savings and reuse whenever possible, especially in water-stressed areas.

Some of the measures we have implemented in all regions to minimize consumption are as follows:

- Installation of plumbing pressure regulators to reduce excess pressure and adjust the amount of water required
- Use of dual flush cisterns
- The installation of timed faucets
- Use of aerator filters to save water
- Installation of water recirculation systems when required

Water consumption in cubic meters (m^3)

	Mexico	Europe	South America
2021	1,689,703	902,782	140,198
2022	1,709,994	943,927	456,966
2023	1,799,554	1,170,931	540,492

* Increase derived from the demand for new units.

Other initiatives to help save our planet

The most significant thing we can do to protect our planet is to spread our desire to preserve it for us and future generations.

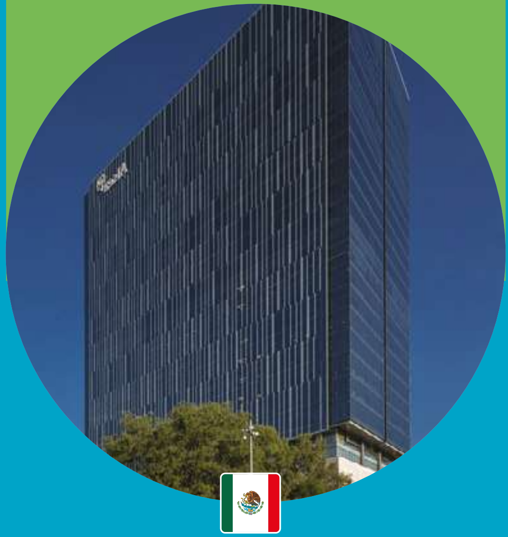
Every small action we take for the planet can seem insignificant on its own; however, when we come together to do our part, we can achieve extraordinary results.

Efficient buildings

Alsea

Mexico

As part of our efforts to contribute to protecting the environment, in 2023, we joined the Efficient Buildings Challenge organized by the Mexico City government in collaboration with SEDEMA, WRI México, Berkeley Lab, CONUE and the UNAM. Our participation included our corporate office and nine stores with different formats.



Emissions reduction

Alsea Supply

Chile

We contracted a rail transport system for raw materials, which has allowed us to obtain significant benefits:

- Accident risk reduction
- Environmental protection
- Road decongestion
- 65% reduction in CO^2 emissions

Charcoal grills

Foster's Hollywood

Spain

Our Foster's Hollywood brand is eliminating charcoal grills in remodeled restaurants by replacing them with electric or gas grills.

The new openings will have gas or electric grills as long as operating conditions allow.

GRI content index

Alsea has reported the information cited in this GRI Content Index for the period from January 1 to December 31, 2023, with reference to the standards.

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United Nations Global Compact Principles

financial data

Annual report of the corporate practices committee

to the Board of Directors of Alsea, S.A.B. de C.V.:

Mexico City on February 28, 2024.

In compliance with Article 42 and 43 of the Mexican Securities Market Law, and cn behalf of the Corporate Practices Committee2 1 hereby submit to you my report on the main activities we carried out during the year that ended on December 31, 2023. In the development of our work, we have tüen into account the recommendations contained in the CCE Code of Corporate Governance Principles and Best Practices.

In order to analyze the Company's relevant results, the Committee held meetings to ensure adequate monitoring of the resolutions adopted in the exercise of its duties, inviting the Company's offeers as deemed appropriate.

To fulfill the responsibilities of this Committee, we carried out the following activities:

1. During this period we did not receive any request for a waiver in accordance with article 28, section Ill. paragraph D of the Securities Market Law, so it was not necessary to make any recommendation in this regard.
2. The quarterly and cumulative results of the 2023 Bursatility Plan were presented.
3. We were presented with the Shareholder Cost restatement applicable at the end of each quarter of2023, using the methodology authorized by the Board of Directors.
4. We received a quarterly summary of the risk management operations through "Exchange rate fonvards" (peso-dollar) that were carried out during the year. These transactions have been made in accordance with the authorized terms, i.e., in compliance with the objective of hedging the foreign exchange risk of the transaction based on the authorized budget.
5. 5. We reviewed, with Management, the bank financing strategy; the corresponding longterm credit coverage, as well as compliance with the Covenants.
6. We were presented with the 2023 Budget draft, for which we requested several modifications to be presented to the Board.
7. During the period covered bv this report, the transactions made by the issuer with related parties and their characteristics were analyzed by the Audit Committee, which in its report makes the appropriate statement, without any significant transactions to be highlighted.
8. We were presented ·with and approved the share Repurchase Fund strategy.
9. The ESG (Environmental, Social and Governance) criteria plan for 2023 was presented.
10. We supervised the Compensation plan for the relevant executives referred to in article 28, section Ill, paragraph d) ofthe Securities Market Law, which we recommended for submission to the Board for approval.
11. We were informed of the Succession and Talent Development Plans of the main executives.
12. The results ofthe 2023 Performance Evaluation of relevant executives were presented to us, with which this committee verified the mechanism implemented by the Company to identify the performance of such executives, and we have no observations in this regard.
13. The Corporate Human Resources Management presented the 2023 Compensation Strategy for the executive levels. This Committee recommended to the Board of Directors the approval ofthis strategy.
14. The General Management informed us about the adjustments to be made to the company's organizational structures
15. At each and every meeting of the Board of Directors, a report on the activities cf the Corporate Practices Committee was submitted for consideration of said collegiate body, recommending to the Board its ratification and/or approval, as the case may be.
16. Finally, I would like to mention that, as part of the activities we carried out, including the preparation of this report, we have always listened to and taken into account the point of view of the relevant managers and direetors, without there being a difference of opinion to highlight.

León Kraig Eskenazi
Corporate Practices Committee
Chairman

Annual report of the audit committee

To the Board of Directors of Alsea, S.A.B. de C.V.,

Mexico City on February 28, 2024.

According to the Mexican Securities Law, Articles 42 and 43, and the Audit Committee Regulations, I inform you of our activities during the year ending December 31, 2023. In the development of our work, we have kept in mind the recommendations established in the Code of Best Corporate Governance Practices and, under a work program prepared based on the Committee's Regulations, we meet at least once every quarter to carry out the activities described below:

I. RISK ASSESSMENT

The company's processes were identified and evaluated to measure and manage the main risks in an integrated and global manner in all the geographies where it operates, as well as the work plans to address them and mitigate their potential impact. Likewise, the organization's preparedness to respond to and recover from incidents due to the materialization of these risks has also been assessed.

II. INTERNAL CONTROL

We ensured that management, in compliance with its internal control responsibilities, has established appropriate processes and policies. In addition, we followed up on the comments and observations made by the External and Internal Auditors during their work.

III. EXTERNAL AUDIT

We recommend to the Board of Directors the engagement of the external auditors of the Group and subsidiaries for the fiscal year 2023. To this end, we ensure their independence and compliance with the requirements established by law. We discussed their approach and work program with them.

We maintained constant and direct communication with them to learn about their work progress and any observations they had and take note of the comments on their review of the annual financial statements. We were informed promptly of their conclusions and reports on the annual financial statements, including the communication referred to in the General Provisions, Article 35, applicable to entities and issuers supervised by the National Banking and Securities Commission and contracting external auditing services for basic financial statements ("Sole Circular of External Auditors").
We followed up on implementing the observations and recommendations they developed during their work. We reviewed the reports issued by the External Auditors referred to in the Sole Circular of External Auditors.

We authorized the fees paid to the external auditors for audit services and other permitted additional or complementary services, ensuring they did not interfere with their independence from the company. Considering Management's views, we evaluated their services for the previous year, and we began the evaluation process for fiscal year 2023.

IV. INTERNAL AUDIT

To maintain its independence and objectivity, the Internal Audit area functionally reports to the Audit Committee.

Promptly, we reviewed and approved their annual program of activities. To prepare it, Internal Audit carried out a process of risk identification, analysis of impacts on processes, and evaluation of the associated controls in the organization's operation, as well as support in developing action plans for their correct mitigation.

We receive quarterly reports on the progress of the approved work program, any variations it may have had, and the causes that originated them.

We followed up on the observations and suggestions they developed and their timely implementation.

We received and analyzed the annual report on transactions with related parties to verify that they were carried out under existing policies and at market securities. For such purposes, opinions were requested, and the corresponding appraisals were performed.

Following Best Corporate Practices, we asked a third party to evaluate the internal audit function. During 2023 and 2024, the recommendations of the respective report must be implemented.

V. FINANCIAL INFORMATION, ACCOUNTING POLICIES, AND REPORTS TO THIRD PARTIES.

We reviewed the process of preparing the Company's quarterly and annual financial statements with the persons in charge. We recommended their approval and authorization to be published to the Board of Directors. As part of this process, we considered the opinions and observations of the external auditors. We ensured that the criteria, accounting, and information policies used by management to prepare the financial information were sufficient and applied consistently with the previous year. Accordingly, the information presented by management fairly reflects the financial position, results of operations, cash flows, and changes in the Company's financial position for the year ended December 31, 2023.

We also reviewed the quarterly reports prepared by Management for presentation to shareholders and the public: they were prepared under International Financial Reporting Standards (IFRS), and they use the same accounting criteria used to prepare the annual information. We verified that a comprehensive process is in place to provide reasonable assurance of its content. In conclusion, we recommended that the Board authorize its publication.

We received communication from the auditor on the key audit matters that, in the auditor's professional judgment, have been most significant in this year's audit. We did not observe any material adjustments or deviations that could impact the issued financial information.

VI. COMPLIANCE WITH REGULATIONS, LEGAL ASPECTS, AND CONTINGENCIES

We confirmed the existence and reliability of the controls established by the company to ensure compliance with the different legal provisions to which it is bound: they were adequately disclosed in the financial information.

We periodically review the various tax, legal, and labor contingencies in the company; we monitor the effectiveness of the procedure established for their identification and follow-up, as well as their adequate disclosure and recording. The following tax issues were highlighted, some of which were initiated and reported since 2014 and were followed up on promptly during this fiscal year:

a) In 2014, the Ministry of Finance of Mexico City assessed Italcafé S.A. de C.V., for the fiscal year 2010, taxable income concerning deposits made to its bank accounts derived from the operation of several restaurants owned by Grupo Amigos de San Ángel, S.A. de C.V. (GASA), although such income was accrued by the latter company, giving it all the corresponding tax effects. On November 28, 2018, the Tax Prosecutor's Office of Mexico City issued a partially favorable resolution of the motion of revocation against the determinant issued by the Ministry of Finance. It also requested the supervening evidence provided be considered and a new resolution be issued. In January 2019, the Company filed the corresponding means of defense against the resolution issued by the Tax Prosecutor's Office of Mexico City. Finally, the company obtained a judgment declaring the plain and simple nullity of the resolution determining the tax credit. Therefore, the matter is definitively resolved.

b) In March 2016, the Tax Administration Service (hereinafter, "TAS") initiated domiciliary visits to Grupo Amigos de San Ángel, S.A. de C.V. (GASA), and Italcafe S.A. de C.V. (Italcafe), for the fiscal years 2010 and 2011, respectively; in November the last partial reports were issued in which observations were determined, derived from unidentified deposits according to the criteria of the Authorities. In December 2017, additional information was submitted to clarify and refute these observations. Additionally, a request for a Conclusive Agreement was filed with the Procuraduría de Defensa del Contribuyente (hereinafter, “PRODECON”). The instances in PRODECON were resolved in January 2019 without reaching a consensus with the TAS. Finally, the companies filed the means of defense through the courts in August 2019 for GASA and in November for ITALCAFE. The matter is in process.

c) In September 2017, the TAS initiated a review process for Operadora Alsea de Restaurantes Mexicanos S.A., de C.V. (OARM) for the fiscal year 2014. The foregoing derived from the sequential review that began with the certified public accountant who audited the acquisition of the VIPS business for tax purposes.

During the 2018 fiscal year, various information requested by the tax authorities was submitted, which issued an official notice of Observations for OARM considering some objections regarding the acquisition of the VIPS business. In October 2018, additional information was filed with the tax authorities, and a request was made for a conclusive agreement with PRODECON. On July 30, 2019, PRODECON terminated the conclusive agreement procedure as there was no consensus with the TAS. As a result, in February 2021, the TAS issued an official notice of liquidation of the tax credit for 99.9 million Mexican pesos. On March 23, 2021, the Company filed an appeal for revocation of the tax assessment before the tax authorities.

On June 14, 2023, OARM filed a nullity action before the Federal Court of Administrative Justice against the resolution issued on April 27, 2023, by the Large Taxpayers Litigation Administration "1", which resolved the appeal filed by OARM in the sense of confirming the different resolution issued by the Central Administration for the Audit of Corporate Groups. The matter is currently in process.

d) In the case of Alsea, S.A.B. de C.V. (ALSEA), the TAS initiated in December 2017 a review process and, in December 2018, issued an official notice of observations in which it deems some objections regarding the acquisition of the VIPS brand. For such purpose, it submitted additional information to refute the objections made and a request for a conclusive agreement before PRODECON. On July 30, 2019, PRODECON terminated the conclusive agreement procedure as there was no consensus with the TAS. As a result, in February 2021, the TAS issued an official notice of liquidation of the tax credit for 3,781 million Mexican pesos. On March 23, 2021, the Company filed an appeal for revocation of the tax assessment before the tax authorities.

On June 13, 2023, ALSEA filed a nullity action before the Federal Court of Administrative Justice against the resolution issued on April 27, 2023, by the Large Taxpayers Litigation Administration "1", which resolved the appeal filed by ALSEA in the sense of confirming the different resolution issued by the Central Administration for the Audit of Corporate Groups. The matter is currently in process.

VII. CODE OF CONDUCT

With the support of Internal Audit, we ensure that our personnel comply with the Company's Code of Business Conduct, that there are adequate processes for its updating and dissemination to personnel, and that the corresponding sanctions apply in cases of detected violations.

We reviewed the complaints received in the system established by the Company for this purpose, following up on their correct and timely attention.

VIII. ADMINISTRATIVE ASPECTS

We hold regular meetings with Management to inform us of the Company's progress, activities, and relevant and unusual events. We also met with the external and internal auditors to discuss the development of their work, any limitations they may have had, and to facilitate any private communication they wished to have with the Committee.

In those cases where we deem it appropriate, we request the support and opinion of independent experts. Likewise, we were unaware of any significant non-compliance with operating policies, internal control systems, and accounting policies.

We hold executive meetings with the exclusive participation of the members of the Committee, during which agreements and recommendations for Management are established.

The Chairman of the Audit Committee reported quarterly to the Board of Directors on the activities that were carried out.

The work we carried out was duly documented in the minutes prepared for each meeting, which were reviewed and approved promptly by the members of the Committee.

Sincerely,
C.P. Alfredo Sanchez Torrado
Presidente del Comité de Auditoria

Independent auditors' report
to the Board of Directors and Stockholders of Alsea, S.A.B. de C.V.

Opinion

We have audited the accompanying consolidated financial statements of Alsea, S.A.B. de C.V. and Subsidiaries (the Entity), which comprise the consolidated statements of financial position as of December 31, 2023, 2022 and 2021, and the consolidated statements of income, consolidated statements of other comprehensive income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as of December 31, 2023, 2022 and 2021, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The accompanying financial statements have been translated into English for the convenience of readers.

Key Audit Matters

Key audit matters are those which, according to our professional judgment, have the greatest significance for our audit of the consolidated financial statements of the current period. They have been handled within the context of our audit of the consolidated financial statements taken as a whole and the formation of our opinion in this regard. Accordingly, we do not express a separate opinion on these matters. We have decided that the issues described below constitute the key audit matters that must be included in our report.

Impairment of Long-Lived Assets

The Entity has determined that the smallest cash generating units are its stores. It has developed financial and operating performance indicators for each of its stores and performs an annual study to identify indications of impairment. If necessary, it also performs an impairment analysis according to IAS 36, Impairment of Assets ("IAS 36"), in which discounted future cash flows are calculated to ascertain whether the value of assets has become impaired. However, a risk exists whereby the assumptions utilized by management to calculate future cash flows may not be fair based on current conditions and those prevailing in the foreseeable future.

The audit procedures we applied to cover the risk of the impairment of long-lived assets include the following:

Design Testing and Implementation of Internal Control, in which we performed a detailed review of projected income and expenses and, on this basis, discounted future cash flows. We also verified, according to our knowledge of the business and historical audited information, the regularization of any nonrecurring effect, so as to avoid considering these effects in the projections. We evaluated the fairness of the discount rate utilized by management, for which purpose we requested support from our firm's experts. The results derived from the application of our audit tests were reasonable.

As discussed in Note 3o to the consolidated financial statements, the Entity has recorded an amount of $32,484 $140,703 and $184,430 (thousands of Mexican pesos) for impairment as of December 31, 2023, 2022 and 2021, respectively.

Information Other Than the Consolidated Financial Statements and Independent Auditors' Report

The Entity's management is responsible for the other information presented. The other information encompasses: the information included in: numeral i) of the Annual Report; ii) the information that will be included in the Annual Report which the Entity must prepare according to the article 33, section I, numeral b) of Title Fourth, Chapter First of the General Provisions Applicable to Issuers and other Stock Market Participants in Mexico, and the Guidelines accompanying these provisions (the "Provisions"). The Annual Reports are expected to be available to our reading after the date of this audit report; and iii) additional other information, which is not actually required by IFRS, but has been included to provide an additional explanation to the Entity's investors and the main readers of its consolidated financial statements to enable them to evaluate the performance of each operating segment and other indicators associated with the Entity's ability to satisfy its obligations as regards Earnings before Interest, Taxes, Depreciation and Amortization (adjusted "EBITDA"); this information is presented in Note 29.

Our opinion on the consolidated financial statements will not be extended to the other information and we do not express any opinion on this regard.

In relation to our audit of the consolidated financial statements, our responsibility will be to read the other information when it becomes available and, when doing so, consider whether the other information contained therein is materially inconsistent with the consolidated financial statements, the knowledge we obtained during the audit or whether it appears to contain material misstatement. If, based on our work performed, we conclude that the other information contains material misstatement, we would have to report this situation.

When reading the Annual Report, we will issue a declaration on this regard, as required by Article 33 Section I, paragraph b) numeral 1.2. of the Provisions. In addition, with regards to our audit of the consolidated financial statements, our responsibility is to read and recalculate the other information which, in this case, is not required by IFRS and, when doing so, consider whether the other information contained therein is materially inconsistent with the consolidated financial statements, the knowledge we obtained during our audit or whether it appears to contain material misstatement. If, based on the work performed, we conclude that the other information contains material misstatement, we would have to report this situation in our declaration related to the Annual Report required by the National Banking and Securities Commission, and those charged with governance of the Entity. As of the date of this report, we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's consolidated financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and asses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management´s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided the Entity's corporate governance officers with a declaration to the effect that we have fulfilled applicable ethical requirements regarding our independence and have reported all the relations and other issues that could be reasonably be expected to affect our independence and, when applicable, the respective safeguards.

The issues we have reported to the Entity's governance officers include the matters that we consider to have the greatest significance for the audit of the consolidated financial statements of the current period and which, accordingly, are classified as key audit matters. We have described these matters in this audit report, unless legal or regulatory provisions prevent them from being disclosed or, under extremely infrequent circumstances, we conclude that a given matter should be excluded from our report because we can fairly expect that the resulting adverse consequences will exceed any possible benefits as regards the public interest.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Carlos Alberto Torres Villagómez
Mexico City, Mexico
April, 10, 2024

Alsea, S.A.B. de C.V. and Subsidiaries

Consolidated statements of financial position

At December 31, 2023, 2022 and 2021

(Figures in thousands of Mexican pesos)

Assets	Notes	2023	2022	2021
Current assets:				
Cash and cash equivalents	5	$ 6,409,798	$ 6,086,817	$ 6,893,433
Customers, net	6	1,426,215	1,247,211	1,070,153
Value-added tax and other recoverable taxes		866,979	442,152	355,293
Other accounts receivable		759,422	578,533	448,110
Inventories	7	2,750,665	2,895,326	2,009,258
Non-current assets classified as held for sale		-	14,188	-
Put option on non-controlling interest		180,816	-	-
Carrot River Holding, S. A. R. L.		186,896	-	-
Advance payments	8	430,711	870,514	641,421
Total current assets		13,011,502	12,134,741	11,417,668
Long-term assets:				
Guarantee deposits		861,096	670,190	877,016
Put option on non-controlling interest		-	180,816	-
Carrot River Holding, S. A. R. L.		-	207,810	233,264
Investment in shares of associated companies	14	179,780	156,903	131,867
Store equipment, leasehold improvements and property, net	11	15,662,476	15,369,639	15,277,931
Right of use assets	9	17,215,823	20,435,725	22,274,256
Intangible assets, net	12	24,915,068	26,664,038	27,796,564
Deferred income taxes	19	5,587,845	3,102,781	5,402,823
Total long-term assets		64,422,088	66,787,902	71,993,721
Total assets		$ 77,433,590	$ 78,922,643	$ 83,411,389

Liabilities and stockholders' equity	Notes	2023	2022	2021
Current liabilities				
Current maturities of long-term debt	16	$ 388,217	$ 1,277,638	$ 1,638,000
Current obligation under finance leases	10	3,315,031	4,103,865	4,415,950
Debt instruments	17	1,350,000	-	1,000,000
Suppliers		4,265,968	4,252,803	2,971,439
Factoring of suppliers		1,501,931	1,375,794	1,007,798
Accounts payable to creditors		4,172,708	4,861,118	4,446,604
Accrued expenses and direct employee benefits		7,030,557	5,667,413	3,854,182
Option to sell the non-controlling interest	18	1,123,439	-	-
Total current liabilities		23,147,851	21,538,631	19,333,973
Long-term liabilities				
Long-term debt, not including current maturities	16	4,828,112	3,762,760	12,012,739
Obligation under finance leases	10	15,101,829	17,720,573	19,347,324
Debt instruments	17	19,553,791	22,748,440	17,078,340
Option to sell the non-controlling interest	18	-	1,123,439	1,272,474
Other liabilities		260,617	897,384	894,135
Derivative financial instruments		1,328,149	691,056	305,968
Deferred income taxes	19	3,225,633	826,746	3,710,272
Employee benefits	20	390,524	318,586	348,250
Total long-term liabilities		44,688,655	48,088,984	54,969,502
Total liabilities		67,836,506	69,627,615	74,303,475
Stockholders' equity	22			
Capital stock		466,996	478,749	478,749
Share premium issuance		7,725,728	8,675,410	8,676,827
Retained earnings		3,692,763	777,481	(620,447)
Reserve for repurchase of shares		885,528	272,330	660,000
Reserve for obligation under put option of non-controlling	23	(808,098)	(808,098)	(808,098)
Other comprehensive income items		(3,306,454)	(1,051,855)	(314,040)
Stockholders' equity attributable to the controlling interest		8,656,463	8,344,017	8,072,991
Non-controlling interest	23	940,621	951,011	1,034,923
Total stockholders' equity		9,597,084	9,295,028	9,107,914
Total liabilities and stockholders' equity		$ 77,433,590	$ 78,922,643	$ 83,411,389

See accompanying notes to the consolidated financial statements.

Alsea, S.A.B. de C.V. and Subsidiaries

Consolidated statements of comprehensive income

For the years ended December 31, 2023, 2022, 2021

(Figures in thousands of Mexican pesos)

	Notes		2023		2022		2021
Continuing operations							
Net sales	25	$	76,231,048	$	68,831,305	$	53,379,469
Cost of sales	26		23,101,531		20,960,639		15,591,274
Cost of distribution			1,899,689		1,551,410		1,161,787
Depreciation and amortization	9, 11 y 12		8,189,381		7,701,750		8,178,329
Employee benefits			19,620,034		17,203,057		13,759,593
Services			2,390,080		2,958,683		2,414,136
Advertising			2,158,735		1,970,376		1,719,398
Royalties			2,622,562		2,356,674		1,685,022
Repair and maintenance			1,496,377		1,368,225		1,090,474
Distribution			1,343,656		1,317,365		1,037,100
Other operating expenses	27		5,382,388		5,074,845		2,609,417
Operating income (loss)			8,026,615		6,368,281		4,132,939
Comprehensive financing result:							
Interest income			(815,110)		(362,643)		(141,707)
Interest expenses			4,751,228		3,940,429		3,508,158
Changes in the fair value of financial instruments	19		384,102		225,534		(120,340)
Exchange loss (gain), net			(692,752)		11,152		(110,747)
			3,627,468		3,814,472		3,135,364
Equity in results of associated companies	14		3,404		(223)		1,840
Income (loss) before income taxes			4,402,551		2,553,586		999,415
Income tax (benefit)	19		1,360,933		874,318		315,890
Consolidated net income (loss) from continuing operations		$	3,041,618	$	1,679,268	$	683,525
Net income (loss) for the year attributable to:							
Controlling interest			2,982,351		1,737,928		734,185
Non-controlling interest		$	59,267	$	(58,660)	$	(50,660)

	Notes		2023		2022		2021
Earnings per share:							
Basic and diluted net earnings per share from continuing operations (cents per share)	24	$	3.66	$	2.07	$	0.88
Consolidated net income (loss) Items that may be reclassified subsequently to income:		$	3,041,618	$	1,679,268	$	683,525
Valuation of derivative financial instruments, net of income taxes			(417,629)		74,942		41,560
Remeasurement of defined benefit obligation, net of income taxes			1,537		(16,715)		3,044
Inflation effect, net of income taxes			322,176		(48,593)		620,457
Cumulative translation adjustment, net of income taxes			(2,227,752)		(747,449)		(164,425)
			(2,321,668)		(737,815)		500,636
Total comprehensive income (loss), net of income taxes		$	719,950	$	941,453	$	1,184,161
Comprehensive income (loss) for the year attributable to:							
Controlling interest		$	660,683	$	1,000,113	$	1,234,821
Non-controlling interest		$	59,267	$	(58,660)	$	(50,660)

See accompanying notes to the consolidated financial statements.

Alsea, S.A.B. de C.V. and Subsidiaries

Changes in Stockholders' Equity

For the years ended December 31, 2023, 2022, 2021

(Figures in thousands of Mexican pesos)

	Contributed capital			Retained earnings									
	Capital stock	Premium on issuance of share	Reserve for repurchase of shares	Reserve for obligation under put option of noncontrolling interest	Legal reserve	etained earnings	Inflation effect	Valuation of financial instruments	Cumulative translation adjustment	Remeasurement of defined benefit obligation	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balances at January 1, 2021	$ 478,749	$ 8,676,827	$ 660,000	$ (2,013,801)	$ 100,736	$ (784,436)	$ 1,122,634	$ (252,304)	$ (1,620,792)	$ (64,214)	$ 6,303,399	$ 1,330,446	$ 7,633,845
Deferred tax (IAS 12 amendment	-	-	-	-	-	534,771	-	-	-	-	534,771	-	534,771
Balances at January 1,2021 adjusted	478,749	8,676,827	660,000	(2,013,801)	100,736	(249,665)	1,122,634	(252,304)	(1,620,792)	(64,214)	6,838,170	1,330,446	8,168,616
Other movements	-	-	-	1,205,703	-	(1,205,703)	-	-	-	-	-	(244,863)	(244,863)
Comprehensive income	-	-	-	-	-	734,185	620,457	41,560	(164,425)	3,044	1,234,821	(50,660)	1,184,161
Balances at December 31, 2021	478,749	8,676,827	660,000	(808,098)	100,736	(721,183)	1,743,091	(210,744)	(1,785,217)	(61,170)	8,072,991	1,034,923	9,107,914
Repurchase of shares (Note 23a)	-	(1,417)	(727,670)	-	-	-	-	-	-	-	(729,087)	-	(729,087)
Increase in repurchase fund (Note 24)	-	-	340,000	-	-	(340,000)	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	-	-	(25,252)	(25,252)
comprehensive utility	-	-	-	-	-	1,737,928	(48,593)	74,942	(747,449)	(16,715)	1,000,113	(58,660)	941,453
Balances at December 31, 2022	478,749	8,675,410	272,330	(808,098)	100,736	676,745	1,694,498	(135,802)	(2,532,666)	(77,885)	8,344,017	951,011	9,295,028
Repurchase of shares (Note 22a)	(11,753)	(949,682)	613,198	-	-	-	-	-	-	-	(348,237)	-	(348,237)
Other movements	-	-	-	-	-	(67,069)	-	67,069	-	-	-	(69,657)	(69,657)
Comprehensive utility	-	-	-	-	-	2,982,351	322,176	(417,629)	(2,227,752)	1,537	660,683	59,267	719,950
Balances at December 31, 2023	$ 466,996	$ 7,725,728	$ 885,528	$ (808,098)	$ 100,736	$ 3,592,027	$ 2,016,674	$ (486,362)	$ (4,760,418)	$ (76,348)	$ 8,656,463	$ 940,621	$ 9,597,084

See accompanying notes to the consolidated financial statements.

Alsea, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023, 2022

(Figures in thousands of Mexican pesos)

	Notes	2023	2022	2021
Cash flows from operating activities:				
Consolidated net income (loss)		$ 3,041,618	$ 1,679,268	$ 683,525
Adjustment for:				
Income taxes (benefit)		1,360,933	874,318	315,890
Equity in results of associated companies		(3,404)	223	(1,840)
Interest expense		4,751,228	3,940,429	3,508,158
Interest income		(815,110)	(362,643)	(141,707)
(Gain) loss from decommissioning of store equipment, improvements to leased premises and properties and intangibles		188,804	76,071	(40,727)
Impairment goodwill	12	32,484	140,703	184,430
Employee benefit	20	60,136	55,731	29,062
Changes in the fair value of financial instruments		384,101	225,534	(120,340)
Depreciation and amortization	9,11 y 12	8,249,071	7,583,840	8,178,329
		17,249,861	14,213,474	12,594,780
Changes in working capital:				
Customers		(395,951)	(348,352)	(252,500)
Other accounts receivable		(263,732)	(141,028)	36,665
Related parties		14,187	(14,187)	-
Inventories		(212,115)	(1,043,572)	(461,157)
Advance payments		54,147	(135,486)	576,613
Suppliers		1,178,595	1,933,190	265,064
Factoring of suppliers		126,137	367,996	353,683
Accrued expenses and employee benefits		(265,155)	2,329,282	1,210,780
Income taxes paid		(1,505,837)	(1,735,963)	(101,859)
Other liabilities		(529,137)	(465,469)	434,048
Net cash flows provided by operating activities		15,451,000	14,959,885	14,656,117

	Notes	2023	2022	2021
Cash flows from investing activities:				
Proceeds from equipment and property		309,021	-	142,796
Interest collected	11	815,110	362,643	141,707
Store equipment, leasehold improvements and property		(5,284,116)	(4,373,122)	(2,881,888)
Acquisition in investment in shares of associated companies		-	(25,259)	(39,917)
Acquisitions of business, net of cash acquired	19	-	-	(1,113,251)
Net cash flows used in investing activities		(4,159,985)	(4,035,738)	(3,750,553)
Cash flows from financing activities:				
Bank loans		4,110,862	209,287	179,210
Repayments of loans		(3,544,505)	(8,216,547)	(10,161,796)
Issuance of debt instruments	18	-	6,854,473	10,257,850
Payments for debt instruments		-	(1,000,000)	-
Interest paid		(3,788,033)	(2,991,894)	(2,457,826)
Cash received non-controlling stake		(69,657)	(25,252)	(244,863)
Payments for financial leasing		(5,130,210)	(5,320,062)	(5,738,455)
Sales of shares		(348,237)	(729,087)	-
Net cash flows used in financing activities		(8,769,780)	(11,219,082)	(8,165,880)
Net (decrease) increase in cash and cash equivalents		2,521,235	(294,935)	2,739,684
Exchange effects on value of cash		(2,198,254)	(511,681)	221,340
Cash and cash equivalents:				
At the beginning of the year		6,086,817	6,893,433	3,932,409
At the end of year		$ 6,409,798	$ 6,086,817	$ 6,893,433

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023, 2022 and 2021

(Figures in thousands of Mexican pesos)

1. Activity, main operations and significant events

Operations

Alsea, S.A.B. de C.V. and Subsidiaries (Alsea or the Entity) was incorporated on May 16, 1997 in Mexico. The Entity's domicile is Av. Revolución 1267 Int. 20 and 21, Col. Alpes, Alcaldía Álvaro Obregón, C.P. 01040, Mexico City, Mexico.

The Entity was incorporated for a period of 99 years, beginning on the date in which the deed was signed, which was April 7, 1997.

For disclosure purposes in the notes to the consolidated financial statements, reference made to pesos, "$" or MXP is for thousands of Mexican pesos, reference made to dollars is for US dollars and reference made to euros is for of the European Union.

Alsea is mainly engaged in operating fast food restaurants "QSR" cafes and casual dining "Casual Dining". The brands operated in Mexico are Domino's Pizza, Starbucks, Burger King, Chili's Grill & Bar, P.F. Chang's, Italianni's, The Cheese Cake Factory, Vips, El Portón, Corazón de Barro, La Casa del Comal and La Finca. In order to operate its multi-units, the Entity has the support of its shared service center, which includes the supply chain through Distribuidora e Importadora Alsea, S.A. de C.V. (DIA), real property and development services, as well as administrative services (financial, human resources and technology). The Entity operates the Burger King, P.F. Chang's, Chili's Grill & Bar and Starbucks brands in Chile. In Argentina, Alsea operates the Burger King, and Starbucks brands. In Colombia, Alsea operates the Domino's Pizza, Starbucks, Archie's and until December 2021 P.F. Chang's brands. In Uruguay, it operates the Starbucks and Domino's Pizza brands. In Spain, Alsea operates the brands Foster's Hollywood, Burger King, Domino's Pizza, VIPS, VIPS Smart, Starbucks, Ginos, Fridays, Ole Mole

Significant events

a. **Effects of Hurricane OTIS -** In October 2023, Hurricane Otis affected the Mexican pacific coast, causing damage to 30 stores, which have extensive insurance for catastrophe coverage, for which the replacement coverage of the stores' fixed assets and equipment and payroll insurance for our collaborators did not represent a significant expense for Alsea.

b. **Sale of Operation of the El Portón Brand in Mexico -** In September 2023, an agreement was reached for the sale of the "El Portón" operations in Mexico. As part of said agreement, there will be a transition period to perfect said transaction and Alsea will stop operating the 15 units of "El Portón" and 2 of "Corazón de Barro" that it had in said country at the end of the first quarter of 2023.

c. **Development of the Starbucks brand in Paraguay -** In April 2023, Alsea signed a contract with Starbucks to operate and develop Starbucks brand establishments in Paraguay.

d. ***Alsea announces the succ*****essful pricing of senior bonds maturing in 2027 for 300 million euros in international markets -** On January 21, 2022, the pricing of senior bonds for 300 million euros took place, at an interest rate of 5.5% per year, issued through its subsidiary Food Service Project, S. A. and guaranteed by Alsea (the "Euro Bonds 2027") and with the option of partial or complete settlement as of January 21, 2024 and with a maturity of January 21 of 2027.

e. ***Alsea announces the execution of the early redemption of the "ALSEA 17" stock certificate –*** The entity informed the investing public about the execution of the early repayment of the "Alsea 17" issue made on March 16, 2022, as follows:

   1. The amount of interest accrued for the 28-day period between February 16, 2022 and March 16, 2022, at the annual gross interest rate of 7.13% amounting to $5,545 million pesos.

2. The amount of the Early Repayment for an amount of $ 1,000,000 million, which was calculated in accordance with what is established in the "Early Repayment" section of the Title of the ALSEA 17

f. *Alsea announces the successful pricing of senior bonds with maturity in 2026 for the amount of US$ 500 million on international markets –* On December 14, 2021, the placement of senior bonds was concluded for the amount of US$ 500 million, with an annual interest rate of 7.75% payable semiannually and with the option of partial or full settlement from December 14, 2023.

g. *Alsea increased its equity in Alsea Europa, incorporating Bain Capital Credit as an investor -* In October 2021, the Entity, jointly with Alia Capital Partners and Bain Capital Credit agreed to acquire the 21.1% of the noncontrolling interest of Food Service Project, S.A. (Alsea Europa). As a result of this investment, Alsea holds the 76.8% of the Equity of Alsea Europa (formerly 66.2%), while Alia Capital Partners and Bain Capital Credit will indirectly hold equity of 10.6%, and the remaining minority shareholders represent 12.7%. The Entity paid 55 million euros (equal to $1,205,703). Similarly, reimbursements of $92.4 million pesos were also obtained. Based on this agreement, the Entity renegotiated its PUT - CALL options in the following manner:

a) Deadline of December 31, 2026.
b) The Entity has an enforceable and optional "Call Option" as of the third year.
c) Half-yearly payment of a coupon with annual interest payable annually at the 4.6% rate on principal of €55 million until the date on which the "Put Option" is exercised
d) The Entity has the possibility of settling the obligation through the exchange of shares or cash.

On February 26, 2024, a share purchase agreement was signed between Alsea SAB de CV (Alsea) and the minority partners of Food Service Project SL (FSP), a subsidiary of Alsea and operator of various brands in Europe. With this agreement, Alsea acquires 23.23% of the minority stake in FSP's capital. The conditions of the purchase are disclosed in note 32 on subsequent events.

h. *Development of the Domino's Pizza brand in Uruguay -* In December 2021, Alsea executed a contract for a 10-year period (with a conditional renewal right) with Domino's Pizza International Franchising Inc. to exclusively operate and develop the Domino's Pizza brand in Uruguay. This agreement represents the expansion of Alsea to a new South American market with this brand, together with the plan of opening at least 24 units within the next 10 years.

i. *Closure of stores pertaining to the PF Chang's brand in Colombia -* In December 2021, Alsea ceased to exclusively operate and develop establishments under the PF Chang's brand in Colombia.

2. Application of new and revised International Financial Reporting Standards

a. *Application of new and revised International Financing Reporting Standards ("IFRSs" or "IAS") and interpretations that are mandatorily effective for the current year*

In the year, the Entity has applied amendments to IFRS issued by the International Financial Reporting Standards Board (IASB) that are mandatory for accounting periods beginning on or after January 1, 2023. Its adoption has not had a material impact on the disclosures or the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and Practice Paper 2 Making Judgments on Materiality – Disclosures of Accounting Policies	The Group has adopted the IAS 1 amendments for the first time this year. The amendment changes the requirements in IAS 1 with respect to accounting policy disclosures. The amendment replaces all references to the term "significant accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered in conjunction with other information included in the financial statements, it can reasonably be expected to influence the decisions that primary users of general purpose financial statements make based on those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that information related to transaction accounting policies, other intangible events or conditions need not be disclosed.
	Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amount of the events is immaterial. However, not all information relating to accounting policies for material transactions, other events or conditions is itself material. The IASB has developed guides and examples to explain and demonstrate the application of the four-step process outlined in Practice Paper 2.

Amendments to IAS 12 Income Taxes - Deferred taxes on assets and liabilities arising from a single transaction.	The amendments introduce an additional exception to the initial recognition exception. According to the amendments, an entity does not apply the initial recognition exemption for transactions that result in equal cumulative and deductible time differences, for tax purposes. Depending on applicable tax law, cumulative and deductible temporary differences may arise at the initial recognition of assets and liabilities in a transaction that is not a business combination and does not affect accounting or tax results. The amendments to IAS 12 provide that an entity is required to recognize deferred tax assets and relative liabilities, considering that the recognition of any active deferred tax is subject to the recoverability criteria of IAS 12.

Concept 2021		Figures previously reported		Advanced		Adjusted balances
Deferred income taxes assets	$	4,968,996	$	433,827	$	5,402,823
Income tax		214,946		100,943		315,889
Retained earnings		(784,436)		(534,771)		(249,665)
2022						
Deferred income taxes assets	$	2,637,415	$	465,366	$	3,102,781
Income tax		905,857		(31,538)		874,319
Retained earnings		(784,436)		(433,828)		(350,608)

Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar 2	The Group has adopted the amendments to IAS 12 for the first time this year. The IASB amended the scope of IAS 12 to clarify that the standard applies to taxes arising from tax laws enacted or substantially enacted to implement the Pillar 2 model rules published by the Organization for Economic Co-operation and Development ("OECD"), including tax laws that implement minimum additional qualified domestic taxes as described in those rules. The amendments introduce a temporary exception to the deferred tax requirements in IAS 12, so that an entity does not recognize or disclose information on deferred tax assets and liabilities related to taxes arising from the application of Pillar 2. Continuing with the amendments, the Panel is required to disclose that it has applied the exception and to separately disclose its current tax expense or income related to the application of Pillar 2.
Amendments to IAS 8 Changes in Accounting Policies, Estimates, and Errors – Definition of Accounting Estimate.	The Group has adopted the amendments to IAS 8 for the first time this year. The amendments replace the definition of a "change in accounting estimate" with the definition of "accounting estimate." Under the new definition, accounting estimates are monetary amounts in financial statements that are not subject to certainty in their measurement. The definition of a change in accounting estimate was eliminated

New and amended IFRS Standards that are not yet effective

At the date of authorization of these consolidated financial statements, the Entity has not applied the following new and amended IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1	*Classification of liabilities as current or non-current.*
Amendments to IAS 1	*Non-current liabilities with covenants*
Amendments to IAS 7	*Financing Provider Agreements*
Amendments to IFRS 16	*Lease liabilities in a sale-lease transaction.*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current and Non-Current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current and non-current in the statement of financial position and not the amount or timing at which any assets, liabilities, income or expenses are recognized, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current and non-current is based on whether the rights in existence at the end of the reporting period, specify that the classification is not affected by expectations as to whether the entity will exercise its right to defer the settlement of a liability, explain that rights exist if contractual obligations (covenants) are fulfilled at the end of the reporting period, and introduce the Definition of 'settlement' to make it clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or other services.

Amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with the advance application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments early, it is also required to apply the 2022 amendments early.

Amendments to IAS 1 Presentation of Financial Statements - Non-Current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer payment of the liability for at least twelve months after the reporting date (and therefore should be considered in evaluating the classification of a liability as current and non-current). Such covenants affect whether entitlements exist at the end of the reporting period, even if compliance with the covenants is assessed only after the reporting date (e.g., a covenant based on the entity's financial position as of the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer payment of a liability for at least twelve months after the reporting date is not affected if the entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer payment of a liability is subject to the fulfillment of covenants within twelve months after the reporting date, the entity discloses information that makes users of the financial statements understand the risk that the liabilities will be paid within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity requires them to be fulfilled), the carrying amount of related liabilities, and the facts and circumstances, if any, indicating that the entity may have difficulty complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2024. Early implementation of amendments is permitted. If an entity applies the amendments for a prior period, it is also required to apply the 2020 amendments in advance as well.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Statements: Disclosures – Financing Provider Agreements.

The amendments add a disclosure in IAS 7 stating that an entity requires disclosure of information about financing provider agreements that allow the user of the financial statements to assess the effects of such agreements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier financing agreements as an example of the requirements to disclose information on the Entity's exposure to concentration and liquidity risks.

The term "provider agreements" is not defined. Instead, the amendments describe the characteristics of an arrangement under which an entity would be required to provide information.

To fulfill the purpose of disclosure, an entity is required to disclose in aggregate form for its financing provider agreements:

To meet the disclosure objective, an entity is required to disclose in aggregate for its financing provider arrangements:

- The terms and conditions of the agreements.
- The carrying amount and other lines in the entity's statements of financial position in which liabilities relating to the arrangements are presented.
- The carrying amount and other lines for which suppliers have received payment from financing providers.
- Payday ranges for both financial liabilities that are part of the financing provider agreement and comparable accounts payable that are not part of the financing provider agreements.
- Liquidity risk information.

The amendments contain specific transition considerations for the first annual reporting period in which the entity applies the amendments. It is applicable for reporting periods beginning on or after January 1, 2024.

Amendments to IFRS 16 Leases – Lease liability on a sale and lease on return.

The amendments to IFRS 16 add subsequent measurement requirements for sale and lease transactions that satisfy the requirements of IFRS 15 to be recorded as a sale. The amendments require the sellerlessee to determine lease payments or revised lease payments such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee after the lease commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or total termination of a lease. Without these new requirements, a seller-lessee could have recognized a gain on the right of use it retains solely by remetering the lease liability (e.g., after a modification to a lease or change in the term of a lease) by applying the general requirements in IFRS 16. This could have been particularly the case in the case of leases that include lease payments that are not dependent on an index or rate.

As part of the amendments, the IASB amended an illustrative example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a salelease-back transaction with variable payments that are not dependent on an index or rate. The illustrative examples also clarify that the liability arising from a sell-lease transaction that qualifies as an IFRS 15 sale is a lease liability.

Early application is permitted. If a seller-lessee applies the amendments in advance, this fact must be disclosed.

A seller-lessee applies amendments retrospectively in accordance with IAS 8 for return sale and lease transactions where it enters after the initial date of application, which is defined as the beginning of the annual reporting period in which the entity initially applied IFRS 16.

3. Significant accounting policies

a. *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards released by IASB.

The entity's management has, at the time of approving the financial statements, a reasonable expectation that the Entity has the necessary resources to continue operating in the foreseeable future. Therefore, they continue to adopt the Going Concern accounting basis when preparing the financial statements.

b. *Basis of preparation*

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

i. *Historical cost*

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii. *Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

iii. *Re-expression of financial statements*

As of July 1, 2018, accumulated inflation of the last three years in Argentina exceeded levels of 100%, for which reason the Argentine peso was classified as a currency in a hyperinflationary economic environment.

As a result, the financial statements of the subsidiaries in that country, whose functional currency is the Argentine peso, have been re-expressed to adopt the requirements of International Accounting Standard 29, *Financial Information in Hyperinflationary Economies*, (IAS 29) and have been consolidated in accordance with the requirements of IAS 21, *Effects of Variances in the Exchange Rates of the Foreign Currency*. The purpose of applying such requirements is to consider the changes in the general purchasing power of the Argentine peso and thus present the financial statements in the current measurement unit at the date of the statement of financial position. Argentina, for purposes of its financial reporting, updated its figures using the country's inflation rate based on official indexes. The financial statements before the re-expression were prepared using the historical costs method.

c. *Basis of consolidation of financial statements*

The consolidated financial statements incorporate the financial statements of Alsea, S.A.B. de C.V. and entities controlled by the Entity. Control is obtained when the Entity:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Entity has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Entity considers all relevant facts and circumstances in assessing whether or not the Entity's voting rights in an investee are sufficient to give it power, including:

- The size of the Entity's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Entity, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Entity has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of income and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Entity's accounting policies.

All assets, liabilities, equity, income, expenses and cash flows relating to transactions between related parties have been fully eliminated in consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other noncontrolling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the noncontrolling interests' share of subsequent changes in equity. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated in full on consolidation. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intercompany balances, transactions and cash flows have been eliminated in consolidation.

Changes in the Entity's ownership interests in existing subsidiaries

Changes in the Entity's ownership interests in subsidiaries that do not result in the Entity losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Entity.

When the Entity loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Entity had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

d. *Information by segment*

The operating segments are reported consistently with the internal reports prepared to provide information to the Audit Committee, which is responsible for assisting the Board of Directors, which is why it is considered the body that makes strategic decisions for the allocation of resources and the evaluation of the operating segments on the established platform of Corporate Governance.

e. *Liquidity*

As disclosed in the financial statements as of December 31, 2023, 2022 and 2021, its current liabilities exceed its current assets by $10,136,349, $9,403,890 and $7,916,305, respectively. The main financial items have had significant increases compared to the previous year. In the case of income, the increase was 11% compared to last year, reaching $74,700 as of December 31, 2023; EBITDA grew 22% compared to the previous year, gaining 1.4 percentage points (pp) and 50% of net profit. Likewise, investments have been made in the investment cost of projects to continue operational growth. During the year, 257 points of sale were opened and 219 remodeled. The operating profit, without considering depreciation, generates approximately 16 billion, which, added to the 6,600 million of short-term assets without considering cash, are used to meet the short-term liabilities that the Entity has. The attached consolidated financial statements do not include those adjustments related to the valuation and classification of assets and liabilities, which could be necessary in the event that the Entity could not continue its operation.

f. *Financial instruments*

Financial assets and financial liabilities are recognized when the Entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

g. *Financial assets*

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Entity may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- The Entity may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) *Amortized cost and effective interest method*

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a creditadjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.
The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset.

If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Entity recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "finance income - interest income" line item.

A financial asset is held for trading if:

- It has been obtained with the main objective of being sold in the short term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Entity manages together and has evidence of a recent pattern of obtaining profits in the short term; or
- It is a derivative (except for derivatives that are contractual financial guarantees or a designated and effective hedging instrument).

(ii) *Debt instruments classified as at FVTOCI*

The corporate bonds held by the Entity are classified as at FVTOCI. Fair value. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these corporate bonds had been measured at amortized cost. All other changes in the carrying amount of these corporate bonds are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve.

When these corporate bonds are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) *(Equity instruments designated as at FVTOCI*

On initial recognition, the Entity may make an irrevocable election (on an instru-ment-byinstrument basis) to designate investments in equity instruments as at FVTOCI.

Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has evidence of a recent actual pattern of short-term profittaking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not being reclassified to profit or loss on disposal of the equity investments; instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the ‘finance income’ line item in profit or loss.

The Entity has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

(iv) *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Entity designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL.

In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Entity has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses';

- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'other gains and losses'. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses' line item; and

- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

See hedge accounting policy regarding the recognition of exchange differences where the foreign currency risk component of a financial asset is designated as a hedging instrument for a hedge of foreign currency risk.

Impairment of financial assets

The Entity recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Entity always recognizes lifetime ECL (credit losses) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Entity recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Entity compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Entity considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Entity's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Entity's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition.

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Entity presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Entity has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Entity assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Entity considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Entity becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purpose of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Entity considers the changes in the risk that the specified debtor will default on the contract.

The Entity regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of default*

The Entity considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Entity, in full (without taking into account any collateral held by the Entity).

Irrespective of the above analysis, the Entity considers that default has occurred when a financial asset is more than 90 days past due unless the Entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) Significant financial difficulty of the issuer or the borrower;
(b) A breach of contract, such as a default or past due event (see (ii) above);
(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
(e) The disappearance of an active market for that financial asset because of financial difficulties.

(iv) *Write-off policy*

The Entity writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Entity's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Entity's understanding of the specific future financing needs of the debtors, and other relevant forwardlooking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Entity in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 16, *Leases*.

For a financial guarantee contract, as the Entity is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Entity expects to receive from the holder, the debtor or any other party.

If the Entity has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Entity measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Entity recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Entity derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

When derecognized from a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognized in profit or loss. In addition, when derecognition of an investment in a debt instrument classified as fair value through other comprehensive income, the accumulated gain or loss previously accrued in the investment revaluation reserve is reclassified to profit or loss. In contrast, in the derecognition of an investment in an equity instrument that the Entity chose at initial recognition to measure at fair value through other comprehensive income, the accumulated gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated earnings (deficit).

h. *Financial liabilities and equity instruments*

1. *Classification as debt or equity*

   Debt and / or equity instruments are classified as financial liabilities or as capital in accordance with the substance of the contractual agreement and the definitions of liabilities and capital.

2. *inancial liabilities*

   Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3. *Other financial liabilities*

   Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

   The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

4. *Derecognition of financial liabilities*

   The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

i. *Derivative financial instruments*

Alsea uses derivative financial instruments (DFI) known as forwards or swaps, in order to a) mitigate present and future risks of adverse fluctuations in exchange and interest rates, b) avoid distracting resources from its operations and the expansion plan, and c) have certainty over its future cash flows, which also helps to maintain a cost of debt strategy.

DFI's used are only held for economic hedge purposes, through which the Entity agrees to the trade cash flows at future fixed dates, at the nominal or reference value, and they are valued at fair value.

Embedded derivatives: The Entity reviews all signed contracts to identify the existence of embedded derivatives. Identified embedded derivatives are subject to evaluation to determine whether or not they comply with the provisions of the applicable regulations; if so, they are separated from the host contract and are valued at fair value. If an embedded derivative is classified as trading instruments, changes in their fair value are recognized in income for the period.

Changes in the fair value of embedded derivatives designated for hedging recognize in based on the type of hedging: (1) when they relate to fair value hedges, fluctuations in the embedded derivative and in the hedged item they are valued at fair value and are recorded in income; (2) when they relate to cash flows hedges, the effective portion of the embedded derivative is temporarily recorded under other comprehensive income, and it is recycled to income when the hedged item affects results. The ineffective portion is immediately recorded in income.

Strategy for contracting DFI's: Every month, the Corporate Finance Director's office must define the price levels at which the Corporate Treasury must operate the different hedging instruments. Under no circumstances should amounts above the monthly resource requirements be operated, thus ensuring that operations are always carried out for hedging and not for speculation purposes. Given the variety of derivative instruments available to hedge risks, Management is empowered to define the operations for which such instruments are to be contracted, provided they are held for hedging and not for speculative purposes.

Processes and authorization levels: The Deputy Director of Corporate Treasury must quantify and report to the Director of Administration and Finance the monthly requirements of operating resources. The Director of Administration and Finance may operate at his discretion up to 50% of the needs for the resources being hedged, and the Administration and Financial Management may cover up to 75% of the exposure risk. Under no circumstances may amounts above the limits authorized by the Entity's General Management be operated, in order to ensure that operations are always for hedging and not for speculation purposes. The foregoing is applicable to interest rates with respect to the amount of debt contracted at variable rates and the exchange rate with respect to currency requirements. If it becomes necessary to sell positions for the purpose of making a profit and/or incurring a "stop loss", the Administration and Finance Director must first authorize the operation.

Internal control processes: With the assistance of the Deputy Director of Corporate Treasury, the Director of Administration and Finance must issue a report the following working day, specifying the Entity's resource requirements for the period and the percentage covered by the Administration and Financial Manager. Every month, the Corporate Treasury Manager will provide the Accounting department with the necessary documentation to properly record such operations.

The Administration and Finance Director will submit to the Corporate Practices Committee a quarterly report on the balance of positions taken.

The actions to be taken in the event that the identified risks associated with exchange rate and interest rate fluctuations materialize, are to be carried out by the Internal Risk Management and Investment Committee, of which the Alsea General Director and the main Entity's directors form part.

Main terms and conditions of the agreements: Operations with DFI's are carried out under a master agreement on an ISDA (International Swap Dealers Association) form, which must be standardized and duly formalized by the legal representatives of the Entity and the financial institutions.

Margins, collateral and credit line policies: In certain cases, the Entity and the financial institutions have signed an agreement enclosed to the ISDA master agreement, which stipulates conditions that require them to offer guarantees for margin calls in the event that the mark-to-market value exceeds certain established credit limits.

The Entity has the policy of monitoring the volume of operations contracted with each institution, in order to avoid as much as possible margin calls and diversify its counterparty risks.

Identified risks are those related to variations in exchange rate and interest rate. Derivative instruments are contracted under the Entity's policies and no risks are expected to occur that differ from the purpose for which those instruments are contracted.

Markets and counterparties: Derivative financial instruments are contracted in the local market under the over the counter (OTC) mode. Following are the financial entities that are eligible to close operations in relation to the Entity's risk management: BBVA, S.A., Banco Santander, S. A., Barclays Bank México S. A., UBS AG Actinver Casa De Bolsa, Banorte-Ixe, BTG Pactual, Citi, Credit Suisse, Grupo Bursátil Mexicano GBM Casa De Bolsa, HSBC Global Research, Interacciones Casa de Bolsa, Intercam Casa de Bolsa, Invex, Itau BBA, Monex Casa de Bolsa, UBS Investment Research, Grupo Financiero BX+, and Vector Casa de Bolsa.

The Corporate Financial Director is empowered to select other participants, provided that they are regulated institutions authorized to carry out this type of operations, and that they can offer the guarantees required by the Entity.

Hedge accounting: DFI's are initially recorded at their fair value, which is represented by the transaction cost. After initial recognition, DFI's are valued at each reporting period at their fair value and changes in such value are recognized in the consolidated statements of income, except if those derivative instruments have been formally designated as and they meet the requirements to be considered hedge instruments associated to a hedge relation.

Polices for designating calculation and valuation agents: The fair value of DFIs is reviewed monthly. The calculation or valuation agent used is the same counterparty or financial entity with whom the instrument is contracted, who is asked to issue the respective reports at the month-end closing dates specified by the Entity.

Likewise, as established in the master agreements (ISDA) that cover derivative financial operations, the respective calculations and valuations are presented in the quarterly report.

The designated calculation agents are the corresponding counterparties. Nevertheless, the Entity validates all calculations and valuations received by each counterparty.

j. *Cash and cash equivalents*

They consist mainly of bank deposits in checking accounts and investments in short-term securities, liquid, easily convertible into cash or with a maturity of up to three months from the date of acquisition and subject to insignificant risks of changes in value.

Cash is presented at nominal value and equivalents are valued at fair value; fluctuations in its value are recognized in income for the period.

Cash equivalents are represented by investments in money desks and mutual funds and are recognized at fair value.

k. *Inventories and cost of sales*

Inventories are valued at the lower of cost or net realizable value. Costs of inventories are determined using the average cost method.

The Entity reviews the book value of inventories, in the presence of any indication of impairment that would indicate that their book value may not be recoverable, estimating the net realizable value, the determination of which is based on the most reliable evidence available, at the time the estimate of the amount in which they are expected to be made is made.

Net realizable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale. Cost of sales represents the cost of inventories at the time of sale, increased, when applicable, by reductions in the value of inventory during the year to its net realizable value. The Entity records the necessary estimations to recognize reductions in the value of its inventories due to impairment, obsolescence, slow movement and other causes that indicate that utilization or realization of the items comprising the inventories will be below the recorded value.

l. *Store equipment, leasehold improvements and property*

Store equipment, leasehold improvements and property are recorded at acquisition cost.

Depreciation of store equipment, leasehold improvements and property is calculated by the straight- line method, based on the useful lives estimated by the Entity's management.

Annual depreciation rates of the main groups of assets are as follows

	Rates
Buildings	5
Store equipment	5 to 30
Leasehold improvements	7 to 20
Transportation equipment	25
Computer equipment	20 to 30
Production equipment	10 to 20
Office furniture and equipment	10

Any significant components of store equipment, leasehold improvements and property that must be replaced periodically are depreciated as separate components of the asset and to the extent they are not fully depreciated at the time of their replacement, are written off by the Entity and replaced by the new component, considering its respective useful life and depreciation.

Likewise, when major maintenance is performed, the cost is recognized as a replacement of a component provided that all recognition requirements are met. All other routine repair and maintenance costs are recorded as an expense in the period as they are incurred.

Buildings, furniture and equipment held under finance leases are depreciated based on their estimated useful life as own assets. However, when there is no reasonable certainty that the property is obtained at the end of the lease term, the assets are depreciated over the shorter of the lease life and life period.

m. *Advance payments*

Advance payments include advances for purchase of inventories, leasehold improvements and services that are received in the twelve months subsequent to the date of the consolidated statements of financial position and are incurred in the course of regular operations.

n. *Intangible assets*

1. *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Brands owned by Alsea included under intangibles assets are the following:

Brand	Country	
Archie’s	Colombia	Own brand
Vips	Mexico	Own brand
El Portón	Mexico	Own brand
La Finca	Mexico	Own brand
Casa de comal	Mexico	Own brand
Corazón de barro	Mexico	Own brand
Vips	Spain	Own brand
Ginos	Spain	Own brand
Ole Mole	Spain	Own brand
Foster’s Hollywood	Spain	Own brand

During 2021, the Entity has identified impairment effects on its El Portón, Burger King Argentina and Starbucks Coffee Argentina brands for an amount of $184,430.

During 2022, the Entity has identified impairment effects on its El Portón, Vips, Starbucks Coffee, Burger King and PF Chang’s brands for an amount of $140,703.

During 2023, the Entity recorded an impairment loss on its El Portón, Starbucks Coffee, Burger King and Italianni's brands, for an import of $32,484.

2. *Intangible assets acquired separately*

Other intangible assets represent payments made to third parties for the rights to use the brands with which the Entity operates its establishments under the respective franchise or association agreements. Amortization is calculated by the straight-line method based on the use period of each brand, including renewals considered to be certain, which are generally for 10 to 20 years.

	America				
Brands	**Mexico**	**Argentina**	**Chile**	**Colombia**	**Uruguay**
Domino's Pizza	2025	-	-	2026	2031
Starbucks Coffee	2037	2027	2027	2033	2026
Burger King	Depending on opening dates			-	-
Chili's Grill & Bar	2023	-	2026	-	-
P.F. Chang's	2029 (2)	-	2021 (2)	2021 (2) (5)	-
The Cheesecake Factory	Depending on opening dates	-	-	-	-
Italianni's	2031(1)	-	-	-	-

	Europe						
Brands	**Spain**	**Luxembourg**	**Portugal**	**Andorra**	**France**	**Netherlands**	**Belgium**
Domino's Pizza	2029(3)	-	-	-	-	-	-
Starbucks Coffee	2030	2030	2030	-	2034	2034	2034
Fridays	2030	-	2030	2030	-	-	-
Burger King	Depending on opening dates (4)	-	-	-	-	-	-

(1) The term for each store under this brand is 20 years as of the opening date, with the right to a 10-year extension.
(2) The term for each store under this brand is 10 years as of the opening date, with the right to a 10-year extension.
(3) Term of 10 years with the right to an extension.
(4) Term of 20 years with from the date of opening.
(5) PF Chang's brand in Colombia operated until December 2021.

The Entity has affirmative and negative covenants under the aforementioned agreements, the most important of which are carrying out capital investments and opening establishments. As of December 31, 2021 and 2020, derived from the Covid-19 pandemic, it was business to limit the investment of new stores until the recovery of sales as normal.

Amortization of intangible assets is included in the depreciation and amortization accounts in the consolidated statements of income.

3. *Derecognition of intangible assets*

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss when the asset is derecognized.

o. *Impairment in the value of long-lived assets, equipment, leasehold improvements, properties, and other intangible assets*

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cashgenerating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

The Entity performs impairment test annually to identify any indication. As of December 31, 2023, 2022 and 2021, the Entity recorded an amount of $32,484, $140,703 and the $184,430, respectively, for impairment of the values of its long-lived assets.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

p. *Business combinations*

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Entity, liabilities incurred by the Entity to the former owners of the acquire and the equity interests issued by the Entity in exchange for control of the acquire. Acquisition-related costs are generally recognized in the consolidated statement of income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19, respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Entity entered into to replace share-based payment arrangements of the acquire are measured in accordance with IFRS 2, *Share-based Payments*, at the acquisition date;
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquirer's identifiable net assets. The choice of measurement basis is made on a transaction-bytransaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Entity's previously held equity interest in the acquire is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

q. *Goodwill*

Goodwill arising from an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Entity's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss.

An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

r. *Investment in shares of associated companies and joint venture*

An associate is an entity over which the Entity has significant influence. Significant influence is the power to participate in the financial and operating policies decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations.*

Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Entity's share of the profit or loss and other comprehensive income of the associate or joint venture.

When the Entity's share of losses of an associate or a joint venture exceeds the Entity's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate or joint venture), the Entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Entity's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36, *Impairment of Assets*, as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment.

Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Entity discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

When the Entity retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Entity measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9.

The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Entity accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Entity continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Entity reduces its ownership interest in an associate or a joint venture but the Entity continues to use the equity method, the Entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a group entity transacts with an associate or a joint venture of the Entity, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Entity's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Entity.

s. *Leases*

- *The Entity as lessor*

The Entity executes lease contracts for certain investment properties as the lessor. The Entity also rents the equipment needed by retailers for the presentation and development of their activities and the equipment manufactured by the Entity.

The leases in which the Entity acts as lessor are classified as capital leases or operating leases. When contractual terms substantially transfer all the risks and rewards of ownership to the lessee, the contract is classified as a capital lease. All other contracts are classified as operating contracts.

When the Entity acts as an intermediary lessor, it accounts for the main lease and sublease as two separate contracts. The sublease is classified as a capital lease or operating lease with regard to the right-of-use asset derived from the main lease.

Rental revenue derived from operating leases is recognized according to the straight-line method during the relevant lease period. The direct initial costs incurred for the negotiation and arrangement of the operating lease are added to the book value of the leased asset and are recognized in conformity with the straight-line method throughout the lease period.

The outstanding amounts of finance leases are recognized as leases receivable for the amount of the net investment in the leases. Income from finance leases is allocated to accounting periods in such a way as to reflect a constant periodic rate of return on the net unpaid investment in respect of the leases.

When a contract includes lease and non-lease components, the Entity applies IFRS 15 to assign the respective payment to each contractual component.

The Entity assesses whether a contract initially contains a lease.

LThe Entity recognizes a right-of-use asset and the respective lease liability for all the lease contracts in which impacts it acts as lessee, albeit with the exception of short-term leases (executed for periods of 12 months or less) and those involving low-value assets (like electronic tablets, personal computers and small items of office furniture and telephones). For these leases, the Entity records rental payments as an operating expense according to the straight-line method throughout the lease period, unless another method is more representative of the time pattern in which economic gains result from the consumption of the leased assets.

The lease liability is initially measured at the present value of the rental payments that are not settled at the starting date, discounted according to the implied contractual rate. If this rate cannot be easily determined, the Entity utilizes incremental rates.

The rental payments included in the lease liability measurement are composed by:

- Fixed rental payments (including substantially fixed payments), less any received lease incentive;
- Variable rental payments that depend on an index or rate, which are initially measured by utilizing the index or rate in effect at the starting date;
- The amount expected to be paid by the lessee under residual value guarantees;
- The purchase option exercise price, if it is reasonably certain that the lessee will exercise these options; and
- Penalty payments resulting from the termination of the lease, if the lease period reflects the exercise of a lease termination option.

The lease liability is presented as a separate item in the consolidated statement of changes in financial position.

The lease liability is subsequently measured based on the book value increase to reflect the interest accrued by the lease liability (using the effective interest method) and reducing the book value to reflect the rental payments made.

The Entity remeasures the lease liability (and makes the respective adjustments to the related right-of-use asset) whenever:

- The lease period is modified or an event or significant change takes place with regard to the circumstances of the lease, thereby resulting in a change to the assessment of the purchase option exercise, in which case, the lease liability is measured by discounting restated rental payments and utilizing a restated discount rate.
- Rental payments are modified as a result of changes to indexes or rates, or a change in the payment expected under a guaranteed residual value, in which case, the lease liability is revalued by discounting restated rental payments by using the same discount rate (unless the change in rental payments is due to a change of variable interest rate, in which case a restated discount rate is used).
- A lease contract is amended and the lease amendment is not accounted for as a separate lease, in which case the lease liability is revalued according to the amended lease period by discounting restated rental payments using a discount rate restated at the date on which the amendment took effect.

The Entity did not make any of these adjustments in the presented periods.

Right-of-use assets are composed by the initial measurement of the respective lease liability, the rental payments made on or prior to the starting date, less any received lease incentive and any initial direct costs. The subsequent valuation is the cost less accumulated depreciation and impairment losses.

If the Entity assumes an obligation derived from the cost of dismantling and removing a leased asset, to restore the place where it is located or restore the underlying asset to the condition required by lease terms and conditions, a provision measured according to IAS 37 must be recognized. To the extent that costs are related to a right-of-use asset, they are included in the related right-of-use asset unless they are incurred to generate inventories.

Right-of-use assets are depreciated during the shorter of the lease period and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset indicates that the Entity plans to exercise the purchase option, the right-of-use asset is depreciated according to its useful life. Depreciation begins at the lease starting date.

Right-of-use assets are presented as a separate item in the consolidated statement of changes in financial position.

The Entity applies IAS 36 to determine whether a right-of-use asset is impaired and to account for any identified impairment loss, as described in the 'Property, plant and equipment' policy.

Variable leases that do not depend on index or rate are not included in the measurement of the lease liability and right-of-use asset. The related payments are recognized as an expense of the period in which the event or condition leading to the payments arises and are included under the "Other expenses" heading in the consolidated statement of income.

As a practical expedient, IFRS 16 offers the option of not separating non-lease components and instead recording any lease and its associated non-lease components as a single agreement. The Entity has not utilized this practical expedient. For contracts containing lease components and one or more additional lease or non-lease components, the

Entity assigns the contractual payment to each lease component according to the relative stand-alone selling price method for all non-lease components. .

t. *Foreign currency transactions*

In order to consolidate the financial statements of foreign operations carried out independently from the Entity (located in Latin America and Europe), which comprise 48%, 51% and 50% of consolidated net income and 53%, 40% and 39% of the total consolidated assets at December 31, 2023, 2022 and 2021, respectively, companies apply the policies followed by the Entity.

The financial statements of consolidating foreign operations are converted to the reporting currency by initially identifying whether or not the functional and recording currency of foreign operations is different, and subsequently converting the functional currency to the reporting currency. The functional currency is equal to recording currency of foreign operations, but different to the reporting currency.

In order to convert the financial statements of subsidiaries resident abroad from the functional currency to the reporting currency at the reporting date, the following steps are carried out:

- Assets and liabilities, both monetary and non-monetary, are converted at the closing exchange rates in effect at the reporting date of each consolidated statements of financial position.

- Income, cost and expense items of the consolidated statements of income are converted at the average exchange rates for the period, unless those exchange rates will fluctuate significantly over the year, in which case operations are converted at the exchange rates prevailing at the date on which the related operations were carried out.

- Capital movements (contributions or reductions) are converted at the exchange rate on the date these movements were carried out.

- All conversion differences are recognized as a separate component under stockholders' equity and form part of other comprehensive income items.

u. *Employee benefits*

Retirement benefits costs from termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.
The defined benefit plan includes retirement. The other benefits correspond to the legal seniority premium in Mexico. Its cost is determined using the projected unit credit method, with actuarial valuations that are made at the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Statutory employee profit sharing (PTU)

As result of the PTU is recorded in the results of the year in which it is incurred and is presented in other expenses and other income.

Federal Labor Law

On December 27, 2022, the decree amending articles 76 and 78 of the Federal Labor Law regarding vacations in Mexico was published in the Official Gazette of the Federation, which enters into force on January 1, 2023. The main changes caused by this labor reform consider an increase in the minimum annual vacation period of workers based on the years they have of service. According to the reform of Article 168 of the Social Security Law published on December 16, 2020 and with entry into force on January 1, 2023, changes are established in the stratification of contribution base salary ranges in terms of employer contributions progressively from 2023 to 2030.

The monetary impacts derived from the implementation of the reform are included in the consolidated statement of comprehensive income for the period under review.

v. *Income taxes*

The income tax expense represents the sum of the tax currently payable and deferred tax.

1. *Current tax*

   Current income tax (ISR) is recognized in the results of the year in which is incurred.

2. *Deferred income tax*

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

   Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

   Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

   The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

   Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

   The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. *Current and deferred tax for the year*

   Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

   Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

w. *Provisions*

Provisions are recorded when the Entity has a present obligation (be it legal or assumed) as a result of a past event, and it is probable that the Entity will have to settle the obligation and it is possible to prepare a reliable estimation of the total amount.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flow.

When some or all of the economic benefits required to settle a provision are expected to be recovered by a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are classified as current or non-current based on the estimated period of time estimated for settling the related obligations.

1. *Contingent liabilities acquired as part of a business combination*

   Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date.

   At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount initially recognized less cumulative amortization recognized in accordance with IFRS 15.

x. *Revenue recognition*

The Entity recognizes income from the following sources:

Sale of goods
Provision of services
Royalties

Sale of goods

Beverages and food sold by Alsea are transferred to the customer at the time they are delivered and/or consumed by them. Mostly sales of goods, the payment method is cash and is recorded at the time they are delivered to the customer.

Provision of services

The income is recognized according to the percentage of termination. Every month the Entity receives from the clients a fixed agreed payment and the recording is made when the services have been accrued and generally accepted in time.

Royalties

Revenue from royalties is based on a fixed percentage on sales of subfranchises. Alsea has two revenues from the sale of the subfranchises. At the beginning of the contract, the subfranchisee pays an amount depending on the franchise, which is recorded as income in the period of the duration of the contract.

4. Critical accounting judgments and key sources for estimating uncertainties

In the application of the Entity's accounting policies, which are described in Note 4, the Entity's management is required to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimations and assumptions are reviewed on a regular basis. Changes to the accounting estimations are recognized in the period in which changes are made, or in future periods if the changes affect the current period and other subsequent periods.

a. *Critical judgments for applying the accounting policies*

There are critical judgments, apart from those involving estimations, that the Entity's management has made in the process of applying the Entity´s accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Control over Food Service Project, S.L. (Zena Group) and sale option of the non-controlling interest

Note 18 mentions that Grupo Zena is a subsidiary of Alsea, over which it owns 76.8%. Based on the contractual agreements between the Entity and other investors, Alsea has the power to appoint and dismiss the majority of the members of the board of directors, executive committee and management positions of Grupo Zena, which have the power to direct the activities of the Zena Group.

Therefore, the Entity's management concluded that Alsea has the ability to direct the relevant activities of Grupo Zena and therefore has control over that entity.

Similarly, Grupo Zena has the right to sell Alsea its uncontrolled participation (10.6% put option). The sale option may be exercised no later than December 31, 2026. The Entity has an enforceable and optional "Call Option" as of the third year, as well as the payment of a coupon with annual interest payable annually at the 4.6% rate on principal until the date on which the "Put Option" is exercised. The Entity has the possibility of settling the obligation through the exchange of shares or cash.

Alsea's management has calculated the financial liability derived from the contractual requirements in effect at the purchase option date, as well as the current value of the financial liability according to the requirements of IAS 32. Details of this liability can be consulted in Note 18.

On February 26, 2024, a share purchase agreement was signed between Alsea SAB de CV (Alsea) and the minority partners of Food Service Project SL (FSP), a subsidiary of Alsea and operator of various brands in Europe. With this agreement, Alsea acquires 23.23% of the minority stake in FSP's capital. The conditions of the purchase are disclosed in note 32 on subsequent events.

b. *Key sources of estimation uncertainty*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. *Impairment of long-lived assets*

   The Entity annually evaluates whether or not there is indication of impairment in long-lived assets and calculates the recoverable amount when indicators are present. Impairment occurs when the net carrying value of a long-lived asset exceeds its recoverable amount, which is the higher of the fair value of the asset less costs to sell and the value in-use of the asset.

   Calculation of the value in-use is based on the discounted cash flow model, using the Entity's projections of its operating results for the near future.

   The recoverable amount of long-lived assets is subject to uncertainties inherent to the preparation of projections and the discount rate used for the calculation.

2. *Right-of-use asset*

   The main aspects considered by the Entity for the implementation of IFRS 16 are: a) assess, at the start of the contract, whether the right to control the use of an identified asset for a given period of time is obtained; b) a change in the nature of lease-related expenses by replacing the operating lease expense determined according to IFRS 16 with the depreciation or amortization of right-of-use assets (in operating costs) and an interest expense for lease liabilities in interest expenses; and c) the determination of lease payments because the Entity has variable rental contracts.

   The recoverable amount of right-of-use assets is sensitive to the uncertainty inherent to the preparation of projections and the discount rate utilized in the calculation.

3. *Discount rate to determine lease payments*

   IFRS 16 requires the tenant to discount the lease liability using the interest rate implied in the lease if that rate can be easily determined. If the interest rate implied in the lease cannot be easily determined, then the tenant must use its incremental indebtedness rate. The renter's incremental loan rate is the interest rate that the tenant would have to pay to borrow for a similar term, with similar security and the funds needed to obtain an asset of a value similar to the right-to-use asset in a similar economic environment.

   There are three steps to determining the incremental loan rate: (i) determining a benchmark rate, (ii) determining the credit risk adjustment, and, (iii) determining the specific adjustment of the lease.

4. *Income tax valuation*

   The Entity recognizes net future tax benefits associated with deferred income tax assets based on the probability that future taxable income will be generated against which the deferred income tax assets can be utilized.

   Evaluating the recoverability of deferred income tax assets requires the Entity to prepare significant estimates related to the possibility of generating future taxable income.

   Future taxable income estimates are based on projected cash flows from the Entity's operations and the application of the existing tax laws in Mexico, LATAM and Spain.

   The Entity's capacity to realize the net deferred tax assets recorded at any reporting date could be negatively affected to the extent that future cash flows and taxable income differ significantly from the Entity's estimates.

   Additionally, future changes in Mexico's tax laws could limit the capacity to obtain tax deductions in future periods.

5. *Fair value measurements and valuation processes*

   Some of the Entity's assets and liabilities are measured at fair value for financial reporting purposes. The Entity's Board of Directors has set up a valuation committee, which is headed up by the Entity's Financial Director, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the Entity uses market-observable data to the extent it is available. When level 1 inputs are not available, the Entity engages third party qualified appraisers to perform the valuation.

The valuation committee works closely with the qualified external appraiser to establish the appropriate valuation techniques and inputs to the model. Every three months, the Financial Director reports the findings of the valuation committee to the Entity's board of directors to explain the causes of fluctuations in the fair value of assets and liabilities. Information about the valuation techniques and inputs used in the determining the fair value of various assets and liabilities are disclosed Note 22 i.

6. *Contingencies*

Given their nature, contingencies are only resolved when one or more future events occur or cease to occur. The evaluation of contingencies inherently includes the use of significant judgment and estimations of the outcomes of future events.

5. Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, the cash and cash equivalents caption includes cash, banks and investments in money market instruments. The cash and cash equivalents balance included in the consolidated statements of financial position and the consolidated statements of cash flows at December 31, 2023, 2022 and 2021 is comprised as follows:

	2023	2022	2021
Cash	$ 3,599,508	$ 3,587,600	$ 3,381,941
Inversiones a la vista con vencimiento original menor a tres meses	2,810,290	2,499,217	3,511,492
Total cash and cash equivalents	$ 6,409,798	$ 6,086,817	$ 6,893,433

The Entity maintains its cash and cash equivalents with accepted financial entities and it has not historically experienced losses due to credit risk concentration.

6. Customers, net

The accounts receivable from customers disclosed in the consolidated statements of financial position are classified as loans and accounts receivable and therefore they are valued at their amortized cost.

At December 31, 2023, 2022 and 2021, the customer balance is comprised as follows:

	2023	2022	2021
Franchises	$ 787,972	$ 618,824	$ 436,677
Other (1)	843,541	776,000	838,576
	1,631,513	1,394,824	1,275,253
Expected credit losses	(205,298)	(147,613)	(205,100)
	$ 1,426,215	$ 1,247,211	$ 1,070,153

(1) In others there are concepts such as third parties and vouchers to be redeemed.

Accounts receivable

The Entity sells food and beverages to the general public in cash and to franchisees with contracted terms of 8 to 30 days. From the day following the contracted maturity date, interest is generated on the overdue balance, at the time of settlement. As of December 31, 2022, the rate consists of Equilibrium Interbank Interest Rate (TIIE) plus 5 points and multiplied by 1.5.

The reserve is then composed of the part of the general and significant customers, which follows a procedure of credit losses expected according to the provisions of the standard. Additionally, it incorporates a criterion to be followed, either quantitative or qualitative, to consider a significant increase in the credit risk of the account receivable and follow up to prepare the estimate of its reserves on a quarterly basis.

Before accepting any new client, the Entity uses an external credit rating system to evaluate the credit quality of the potential client and defines the credit limits per client.

To determine the estimate of doubtful receivables, the Entity performs an analysis of the age of balances per customer and assigns an estimate percentage based on experience. This first analysis gives an indication of deterioration; Subsequently, an analysis of the financial situation of all the customers included is carried out to determine which are the accounts that present an impairment according to the expected credit loss model and the corresponding estimate is recorded on these.

Following is the aging of past due but unimpaired accounts receivable:

	2023	2022	2021
15-60 days	$ 294,766	$ 92,036	$ 115,789
60-90 days	14,712	43,025	72,109
More than 90 days	169,456	205,510	273,148
Total	$ 478,934	$ 340,571	$ 461,046
Current balance	$ 1,152,579	$ 1,054,253	$ 814,207
Total account receivable	$ 1,631,513	$ 1,394,824	$ 1,275,253

The concentration of credit risk is limited because the balance is composed of franchisees, which are supported or controlled by a service contract and / or master franchise; likewise consists of balances with from financial institutions cards, which are recovered within from 15 days.

7. Inventories, net

At December 31, 2023, 2022 and 2021, inventories are as follows:

	2023	2022	2021
Food and beverages	$ 2,704,639	$ 2,859,697	$ 1,978,553
Other, mainly containers and packaging (1)	53,053	38,469	33,540
Obsolescence allowance	(7,027)	(2,840)	(2,835)
Total	$ 2,750,665	$ 2,895,326	$ 2,009,258

(1) In others are concepts such as toys, uniforms, cleaning utensils, kitchen appliances and souvenirs.

8. Advance payments

Advance payments were made for the acquisition of:

	2023	2022	2021
Insurance and other services	$ 114,380	$ 348,296	$ 288,855
Inventories	261,004	485,489	324,260
Lease of locales	55,327	36,729	28,306
Total	$ 430,711	$ 870,514	$ 641,421

9. Right of use assets

Entity leases premises for its stores, office, including an industrial warehouse, furniture and equipment. The average lease term is between 6 and 7 years for 2023, 2022 and 2021.

Right of use assets	Amount
Cost:	
Balance at January 1, 2021	$ 31,738,505
Additions and renovations	3,522,783
Balance as of December 31, 2021	35,261,288
Additions and renovations	2,512,224
Balance as of December 31, 2022	37,773,512
Additions and renovations	997,387
Balance as of December 31, 2023	$ 38,770,899
Depreciation:	
Balance at January 1, 2021	$ (8,315,230)
Charge for depreciation for the year	(4,671,802)
Balance as of December 31, 2021	(12,987,032)
Charge for depreciation for the year	(4,350,755)
Balance as of December 31, 2022	(17,337,787)
Charge for depreciation for the year	(4,217,289)
Balance as of December 31, 2023	$ (21,555,076)

Right of use assets		Amount
Net cost:		
Balance as of December 31, 2021	$	22,274,256
Balance as of December 31, 2022	$	20,435,725
Balance as of December 31, 2023	$	17,215,823

Amounts recognized in the consolidated		2023		2022		2021
Depreciation expense of the asset for use rights	$	4,217,289	$	4,350,755	$	4,671,802
Finance expense caused by lease liabilities		963,195		948,535		1,050,332
Expense related to leasing of low-value assets		145,854		257,686		176,314
Expense related to variable lease payments, not included in the measurement of lease liabilities		1,018,474		751,329		553,419
Benefits obtained from negotiations related to COVID-19		-		(27,970)		(840,873)

Some of the leases of properties in which the Entity participates as lessee contain variable lease payment terms that are related to sales generated in the leased stores. Variable payment terms are used to link lease payments to store cash flows and reduce fixed cost.

The composition of the lease payments by the stores is detailed in the following table.

		2023		2022		2021
Fixed payments	$	5,130,210	$	5,320,062	$	5,738,455
Variable payments		1,018,474		751,329		553,419
Total lease payments	$	6,148,684	$	6,071,391	$	6,291,874

In general, variable payments constitute 17%, 12% and 9% at December 31, 2023, 2022 and 2021, respectively, of the Entity's total lease payments. The Entity expects this proportion to remain constant in future years. Variable payments depend on sales and, consequently, on economic development during the following years.

10. Obligation under finance leases

		2023		2022		2021
Maturity analysis:						
Year 1	$	4,008,333	$	4,907,925	$	5,455,183
Year 2		3,758,878		4,126,190		4,918,822
Year 3		3,119,610		3,459,579		4,095,434
Year 4		2,604,540		2,857,341		3,403,711
Year 5		2,133,236		2,336,443		2,750,413
Later		6,134,747		7,551,600		7,765,454
		21,759,344		25,239,078		28,389,017
Less: Unearned interest		(3,342,484)		(3,414,640)		(4,625,743)
	$	18,416,860	$	21,824,438	$	23,763,274

The Entity does not face a significant liquidity risk regarding its lease liabilities. Lease liabilities are monitored through the Entity's Treasury.

11. Store equipment, leasehold improvements and property, net

Store equipment, leasehold improvements and properties are as follows:

Cost	Buildings	Store equipment	Leasehold improvements	Transportation equipmen	Computer equipment	Production equipment	Office furniture and equiptment	Construction in process	Total
Balance as of 1 January 2021	$ 497,287	$ 15,273,701	$ 19,734,860	$ 315,130	$ 2,027,702	$ 617,423	$ 836,227	$ 2,027,404	$ 41,329,734
Additions	-	672,788	794,503	41,750	124,033	312,665	71,094	724,087	2,740,920
Disposals	(199,277)	(380,044)	(768,010)	(41,953)	(67,283)	(19,806)	(56,763)	(22,055)	(1,555,191)
Revaluation	-	379,676	557,217	1,637	24,852	-	7,961	64,316	1,035,659
Translation adjustments	(9,506)	(426,991)	(839,646)	(10,416)	(58,227)	(4,766)	(75,376)	(64,936)	(1,489,864)
Balance as of December 31, 2021	288,504	15,519,130	19,478,924	306,148	2,051,077	905,516	783,143	2,728,816	42,061,258
Additions	-	932,545	1,081,186	60,131	178,452	16,106	145,812	1,440,420	3,854,652
Disposals	(17,946)	(346,795)	(568,297)	(37,060)	(69,111)	(515)	(21,699)	(6,930)	(1,068,353)
Revaluation	-	370,697	867,782	6,905	42,355	-	6,660	-	1,294,399
Translation adjustments	(5,549)	(945,291)	(1,770,590)	(16,512)	(114,699)	(12,513)	(174,161)	(79,212)	(3,118,527)
Balance as of December 31, 2022	265,009	15,530,286	19,089,005	319,612	2,088,074	908,594	739,755	4,083,094	43,023,429
Additions	-	2,041,914	2,026,684	58,774	266,232	44,248	17,314	345,363	4,800,529
Disposals	-	(1,090,882)	(936,552)	(24,819)	(158,702)	(40,980)	(5,767)	(2,173)	(2,259,875)
Revaluation	-	550,160	1,124,322	10,576	98,188	-	50,738	-	1,833,984
Reclassifications	-	-	-	-	-	-	-	(53,619)	(53,619)
Translation adjustments	1,166	(1,338,932)	(2,593,334)	(32,938)	(150,557)	6,539	(10,245)	(219,066)	(4,337,367)
Balance as of December 31, 2023	$ 266,175	$ 15,692,546	$ 18,710,125	$ 331,205	$ 2,143,235	$ 918,401	$ 791,795	$ 4,153,599	$ 43,007,081

Depreciation	Buildings	Store equipment	Leasehold improvements	Transportation equipment	Computer equipment	Production equipment	Office furniture and equiptment	Construction in process	Total
Balance as of 1 January 2021	$ 217,003	$ 10,055,346	$ 12,940,748	$ 203,434	$ 1,603,547	$ 6,364	$ 423,514	$ -	$ 25,449,956
Additions	3,304	919,414	1,738,620	36,184	157,585	70,426	161,691	-	3,087,224
Disposals	(83,398)	(389,483)	(678,432)	(36,835)	(61,331)	(18,937)	(35,706)	-	(1,304,122)
Revaluation	-	252,275	424,338	1,682	22,858	-	5,730	-	706,883
Translation adjustments	(3,070)	(260,505)	(790,230)	(6,490)	(45,190)	(2,182)	(48,947)	-	(1,156,614)
Balance as of December 31, 2021	133,839	10,577,047	13,635,044	197,975	1,677,469	55,671	506,282	-	26,783,327
Additions	1,017	912,213	1,431,323	129,802	157,928	75,192	130,050	-	2,837,525
Disposals	-	(325,306)	(532,496)	(29,438)	(65,954)	(107)	(19,461)	-	(972,762)
Revaluation	-	114,545	682,361	2,948	36,173	1,162	5,950	-	843,139
Reclassification	(133,047)	10,217	119,697	(87,404)	(72,105)	371,138	216,133	-	424,629
Translation adjustments	(1,809)	(583,004)	(1,446,224)	(14,421)	(92,203)	(4,875)	(119,532)	-	(2,262,068)
Balance as of December 31, 2022	-	10,705,712	13,889,705	199,462	1,641,308	498,181	719,422	-	27,653,790
Additions	-	1,126,135	1,206,553	34,369	206,019	67,637	5,957	-	2,646,670
Disposals	-	(913,524)	(689,001)	(18,036)	(119,629)	(23,889)	(5,492)	-	(1,769,571)
Revaluation	-	436,379	977,840	4,723	86,663	(348)	29,115	-	1,534,372
Reclassification	-	-	-	-	-	-	-	-	-
Translation adjustments	-	(808,578)	(1,772,106)	(16,867)	(114,928)	698	(8,875)	-	(2,720,656)
Balance as of December 31, 2023	$ -	$ 10,546,124	$ 13,612,991	$ 203,651	$ 1,699,433	$ 542,279	$ 740,127	$ -	$ 27,344,605
Net balance as of December 31, 2021	$ 154,665	$ 4,942,083	$ 5,843,880	$ 108,173	$ 373,608	$ 849,845	$ 276,861	$ 2,728,816	$ 15,277,931
Net balance as of December 31, 2022	$ 265,009	$ 4,824,574	$ 5,199,300	$ 120,150	$ 446,766	$ 410,413	$ 20,333	$ 4,083,094	$ 15,369,639
Net balance as of December 31, 2023	$ 266,175	$ 5,146,422	$ 5,097,134	$ 127,554	$ 443,802	$ 376,122	$ 51,668	$ 4,153,599	$ 15,662,476

12. Intangible assets, net

Intangible assets are comprised as follows:

Cost	Brand rights	Commissions for store opening	Franchise and use of locale rights	Licenses and developments	Construction in process	Goodwill	Total
Balance as of January 1, 2021	$ 17,135,490	$ 209,438	$ 1,766,845	$ 2,573,405	$ 49,244	$ 13,050,366	$ 34,784,788
Acquisitions	22,032	-	15,147	103,789	-	-	140,968
Adjustment for currency conversion	(450,831)	(19,304)	(37,863)	(67,245)	-	(274,435)	(849,678)
Disposals	(49,591)	(14,610)	(3,785)	(4,099)	-	-	(72,085)
Restatement	95,197	2,300	13,949	5,543	-	-	116,989
Balance as of December 31, 2021	16,752,297	177,824	1,754,293	2,611,393	49,244	12,775,931	34,120,982
Acquisitions	(3,617)	-	31,171	275,831	215,085	-	518,470
Adjustment for currency conversion	(1,189,653)	(2,698)	(22,339)	(121,447)	(73,758)	(759,038)	(2,168,933)
Disposals	(26,900)	(177,622)	(23,736)	(5,432)	(80)	-	(233,770)
Restatement	148,870	2,496	21,940	8,521	144,736	-	326,563
Balance as of December 31, 2022	15,680,997	-	1,761,329	2,768,866	335,227	12,016,893	32,563,312
Acquisitions	110,233	-	50,410	284,484	38,460	-	483,587
Disposals	(7,054)	-	(34,536)	(14,117)	-	-	(55,707)
Restatement	140,845	-	63,455	24,369	204,776	-	433,445
Reclassifications	-	-	-	-	53,619	-	53,619
Adjustment for currency conversion	(1,085,694)	-	(53,560)	(120,749)	(198,576)	(535,692)	(1,994,271)
Balance as of December 31, 2023	$ 14,839,327	$ -	$ 1,787,098	$ 2,942,853	$ 433,506	$ 11,481,201	$ 31,483,985

Amortization	Brand rights	Commissions for store opening	Franchise and use of locale rights	Licenses and developments	Construction in process	Goodwill	Total
Balance as of January 1, 2021	$ 2,897,162	$ 103,254	$ 690,421	$ 2,260,311	$ -	$ 16,953	$ 5,968,101
Amortization	98,851	42,185	98,517	179,750	-	-	419,303
Adjustment for currency conversion	(94,489)	10,310	47,062	(53,768)	-	-	(90,885)
Disposals	(17,211)	(14,359)	(1,428)	(3,657)	-	-	(36,655)
Restatement	48,516	2,413	8,214	5,411	-	-	64,554
Balance as of December 31, 2021	2,932,829	143,803	842,786	2,388,047	-	16,953	6,324,418
Amortization	117,428	33	154,668	123,432	-	-	395,561
Adjustment for currency conversion	(63,133)	(2,820)	(99,186)	(11,915)	-	(114,663)	(291,717)
Disposals	(12,592)	(177,613)	(23,437)	(2,646)	-	-	(216,288)
Reclassification	24,558	33,018	27,290	(509,494)	-	-	(424,628)
Restatement	79,931	3,579	15,002	13,416	-	-	111,928
Balance as of December 31, 2022	3,079,021	-	917,123	2,000,840	-	(97,710)	5,899,274
Amortization	503,469	-	94,609	330,157	-	-	928,235
Disposals	(2,631)	-	(275)	(12,797)	-	-	(15,703)
Restatement	106,513	-	37,121	19,594	-	-	163,228
Adjustment for currency conversion	(276,341)	-	(30,248)	(99,528)	-	-	(406,117)
Net balance as of December 31, 2021	$ 13,819,468	$ 34,021	$ 911,507	$ 223,346	$ 49,244	$ 12,758,978	$ 27,796,564
Net balance as of December 31, 2022	$ 12,601,976	$ -	$ 844,206	$ 768,026	$ 335,227	$ 12,114,603	$ 26,664,038
Net balance as of December 31, 2023	$ 11,429,296	$ -	$ 768,768	$ 704,587	$ 433,506	$ 11,578,911	$ 24,915,068

As of December 31, 2023, the Entity has identified impairment effects on its El Portón, Starbucks Coffee, Burger King and Italianni´s brands for an amount of $32,484.

As of December 31, 2022, the entity recorded a loss in its brands El Portón, Vips, Starbucks Coffee, Burger King and PF Chang´s, for an amount of $140,703

As of December 31, 2021, the Entity recorded a loss in its El Portón, Starbucks Coffee Argentina and Burger King Argentina brands, amounting to $184,430, affecting $21,534 to fixed assets and $162,896 to intangible assets.

13. Investment in subsidiaries

The Entity's shareholding in the capital stock of its main subsidiaries is as follows:

Subsidiary	Activity	2023	2022	2021
Café Sirena, S. de R.L. de C.V.	Starbucks brand operator in Mexico	100.00%	100.00%	100.00%
Operadora de Franquicias Alsea, S.A. de C.V. (1)	Operator of the Burger King brand in Mexico	100.00%	100.00%	100.00%
Operadora y Procesadora de Productos de Panificación, S.A. de C.V.	Operator of the Domino's Pizza brand in Mexico	100.00%	100.00%	100.00%
Gastrosur, S.A. de C.V.	Operator of the Chili's Grill & Bar brand in Mexico	100.00%	100.00%	100.00%
Panadería y Alimentos para Food Service, S.A. de C.V.	Distribution of Alsea brand food	100.00%	100.00%	100.00%
Servicios Múltiples Empresariales ACD, S.A. de C.V. (antes SOFOM E.N.R.)	Factoring and Leasing Operator	100.00%	100.00%	100.00%
Grupo Calpik, S.A.P.I. de C.V.	Operator of the California Pizza Kitchen brand in Mexico	100.00%	100.00%	100.00%

Subsidiaria	Actividad	2023	2022	2021
Especialista en Restaurantes de Comida Estilo Asiática, S.A. de C.V.	Operator of the P.F. Chang's brand and in Mexico	100.00%	100.00%	100.00%
Distribuidora e Importadora Alsea, S.A. de C.V.	Distributor of food and supplies for Alsea and related brands	100.00%	100.00%	100.00%
Italcafé, S.A. de C.V.	Operator of the Italianni's brand	100.00%	100.00%	100.00%
Grupo Amigos de San Ángel, S.A. de C.V.	Operator of the Italianni's brand	100.00%	100.00%	100.00%
Grupo Amigos de Torreón, S.A. de C.V.	Operator of the Italianni's brand	100.00%	100.00%	100.00%
Operadora Vips, S. de R.L. de C.V.	Vips brand operator	100.00%	100.00%	100.00%
OPQR, S.A. de C.V.	Operator of the Cheesecake Factory brand in Mexico	100.00%	100.00%	100.00%
Fast Food Chile, S.A.	Operator of the Burger King brand in Chile	100.00%	100.00%	100.00%
Asian Food, Ltda.	Operator of the P.F. Chang's brand in Chile	100.00%	100.00%	100.00%
Starbucks Coffee Chile, S.A.	Starbucks brand operator in Chile	100.00%	100.00%	100.00%
Gastrococina Sur, S.P.A.	Chili's Grill & Bar operator in Chile	100.00%	100.00%	100.00%
Fast Food Sudamericana, S.A.	Operator of the Burger King brand in Argentina	100.00%	100.00%	100.00%
Starbucks Coffee Argentina, S.R.L.	Starbucks brand operator in Argentina	100.00%	100.00%	100.00%
Asian Bistro Colombia, S.A.S.	Operator of the P.F. Chang's brand in Colombia	100.00%	100.00%	100.00%
Operadora Alsea en Colombia, S.A.	Operator of the Burger King brand in Colombia	95.03%	95.03%	95.03%

Subsidiaria	Actividad	2023	2022	2021
Estrella Andina, S.A.S.	Starbucks brand operator in Colombia	70.00%	70.00%	70.00%
Gastronomía Italiana en Colombia, S.A.S.	Operator of the Archie's brand in Colombia	97.60%	97.60%	97.60%
Café Sirena Uruguay, S.A.	Brand operator Starbucks in Uruguay	100.00%	100.00%	100.00%
Food Service Project, S.L. (Grupo Zena) (1) (2)	Operator of Spain	76.77%	76.77%	76.77%
Sigla, S.A. (Grupo VIPS)	Operator of the VIPS, VIPS Smart, Starbucks, GINOS, Fridays' and Wagamama brands in Spain	100.00%	100.00%	100.00%

(1) ontrol over Operadora de Franquicias Alsea, S.A. de C.V. (OFA) - Based on the contractual agreements signed by the Entity and other investors, the Entity is empowered to appoint and remove most of the members of the board of directors of OFA, which has the power to control the relevant operations of OFA. Therefore, the Entity's management concluded that the Entity has the capacity to unilaterally control the relevant activities of OFA and therefore it has control over OFA. On June 28,

2021, the entity purchase shares that represent 20% of the non- controlling interest of Operadora de Franquicias Alsea, S.A.P.I. de C.V., thereby increasing its participation in that entity to 100%

Certain significant decisions, including the following are subject to the unanimous consent of the two stockholders: 1) the approval or modification of the budget of the year, and 2) changes to the development schedule, which do not modify the Entity's control over the subsidiary.

(2) On February 26, 2024, a share purchase agreement was signed between Alsea SAB de CV (Alsea) and the minority partners of Food Service Project SL (FSP), a subsidiary of Alsea and operator of various brands in Europe. . With this agreement, Alsea acquires 23.23% of the minority stake in FSP's capital. The conditions of the purchase are disclosed in note 32 on subsequent events.

14. Investment in shares of associated companies

At December 31, 2023, 2022 and 2021, the investment in shares of associated companies is comprised of the Entity's direct interest in the capital stock of the companies listed below:

	(%)				Investing in shares		
	2023	2022	2021	Main activity	2023	2022	2021
Restaurant Operator AYB Polanco, S.A. de C.V. (1)	30.00%	30.00%	30.00%	Restaurant operator of the EF Entre Fuegos and EF Entre Fuegos Elite Steak House brand operating in Mexico.	$ 13,936	$ 13,936	$ 14,536
Europastry México Inc.	49.00%	-	-		22,878	-	-
Other investments					142,966	142,967	117,331
Total					$ 179,780	$ 156,903	$ 131,867

	(%)				Participation in results		
	2023	2022	2021	Main activity	2023	2022	2021
Restaurant Operator AYB Polanco, S.A. de C.V. (1)	30.00%	30.00%	30.00%	Restaurant operator of the EF Entre Fuegos and EF Entre Fuegos Elite Steak House brand operating in Mexico.	$ -	$ (223)	$ 1,840
Other investments					3,404	-	-
Total					$ 3,404	$ (223)	$ 1,840

Operadora de Restaurantes AYB Polanco, S.A. de C.V.

Total assets, liabilities, equity and profit and losses of the associated entity are as follows:

	2023	2022	2021
Current assets	$ 22,486	$ 22,486	$ 17,517
Non-current assets	$ 36,932	$ 36,932	$ 40,362
Current liabilities	$ 13,710	$ 13,710	$ 9,427
Income	$ -	$ 43,015	$ 39,789
Net profit for the period	$ -	$ (744)	$ 6,133

15. Goodwill

Assignment of goodwill to cash generating units

In order to carry out impairment tests, goodwill included in Note 12, was assigned to the following cash generating units:

Concept	2023	2022	2021
Burger King	$ 1,336,967	$ 1,336,967	$ 1,336,967
Domino's Pizza	1,078,622	1,078,622	1,078,622
Chili's	26,614	26,614	26,614
Italianni's	785,816	785,816	785,816
Vips	3,058,697	3,058,697	3,058,697
Starbucks Coffee	368,513	368,513	368,513
Foster's Hollywood	198,598	198,598	198,598
Grupo Vips España	2,658,018	2,962,401	3,496,696
Ginos	1,013,171	1,126,546	1,171,185
Starbucks España	741,610	824,597	878,060
Fridays	4,960	5,515	5,746
British Sandwich Factory	289,360	321,740	334,498
Clover	17,965	19,976	18,966
	$ 11,578,911	$ 12,114,602	$ 12,758,978

As of December 31, 2023, 2022 and 2021, the studies carried out on the impairment tests concluded that the goodwill has no impairment.

16. Long-term debt

Long-term debt at December 31, 2022, 2023 and 2021 is comprised of unsecured loans, as shown below:

Bank	Type of credit	Currency	Rate	Maturity	2023	2022	2021
Santander Totta	Simple credit	Euros	Euribor + 1.50%	2026	$ -	$ -	$ 34,988
BBVA Bancomer, S.A.	Bilateral	Euros	3% (Fixed rate)	2026	-	-	169,350
BNP CIC	Simple credit	Euros	Euribor + 2%	2025	-	-	349,897
BBVA Icos	Simple credit	Euros	Euribor + 2.75%	2025	-	-	233,265
Banco Nacional de Comercio Exterior S.N.C. (Bancomext)	Simple credit	Mexican pesos	Variable rate TIIE +1%	2025	1,047,024	1,280,141	1,586,163
Banco de Chile	Simple credit	Chilean pesos	3.48% (Fixed rate)	2024	61,674	57,481	60,375
Syndicated	Simple credit	Mexican pesos	Variable rate TIIE +1.85%	2023	-	-	563,059
Syndicated	Simple credit	Euros	Variable rate Euribor+ 1.25%	2023	-	-	8,255,972
Sabadel Icos	Simple credit	Euros	Euribor + 2.20%	2023	-	-	126,165
Ibercaja Icos	Simple credit	Euros	Euribor + 1.75%	2023	-	-	23,327
Abanca Icos	Simple credit	Euros	Euribor + 1.75%	2023	-	-	46,654
Caja rural Icos	Simple credit	Euros	Euribor + 1.60%	2023	-	-	34,989
Banco Santander, S.A.	Simple credit	Euros	Euribor + 1.35%	2022	-	-	233,264
Clover ING	Simple credit	Euros	Euribor + 1.95%	2022	-	-	1,096,341
Bankia Icos	Simple credit	Euros	Euribor + 1.85%	2022	-	-	233,264
Santander Icos	Simple credit	Euros	Euribor + 2.10%	2022	-	-	326,569
Santander Chile, S.A.	Simple credit	Chilean pesos	Variable rate TIIE +0.41%	2021	-	-	43,834
Banca March	Simple credit	Euros	Euribor + 1.50%	2020	-	-	233,263
Sindicado	Simple credit	Euros	Variable rate Euribor +1.25%	2023	-	3,216,729	-
Sindicado	Simple credit	Euros	Variable rate Euribor +2.75%	2026	4,107,631	-	-
Santander, S.A.	Simple credit	Euros	Variable rate Euribor +2.75%	2023		82,127	-
Clover ING	Simple credit	Euros	Variable rate Euribor +2.75%	2023	-	193,014	-
Societe Generale	Simple credit	Euros	Variable rate Euribor +3.00%	2024	-	210,906	-
					5,216,329	5,040,398	13,650,739
			Less - current portion		(388,217)	(1,277,638)	(1,638,000)
			Long-term debt maturities		$ 4,828,112	$ 3,762,760	$ 12,012,739

Annual debt maturities at December 31, 2023 are as follows:

Year	Amount	
2024	$	388,217
2025		1,200,164
2026		3,627,948
	$	5,216,329

The Entity as of December 31, 2023, has lines of credit contracted for 2,000 million Mexican pesos and 44 million Euros.

Bank loans include certain affirmative and negative covenants, such as maintaining certain financial ratios. At December 31, 2023, 2022 and 2021, all such obligations have been duly met.

On April 5, 2021, the Entity formalized a new negotiation of the conditions of the credit, which establishes new debt obligations, which allows the Entity to have certainty about its fulfillment for the twelve-months period ending December 31, 2021.

17. Debt instruments

On January 21, 2022, senior notes for 300 million Euros were placed at an interest rate of 5.55% per year, issued through its subsidiary Food Service Project, S.A. and guaranteed by Alsea (the "Euro Bonds 2027") and with an option for partial or full settlement as of January 21, 2027.

In December 2021, the Entity placed of the senior bonds with maturity in 2026 for the amount of US$ 500 millio5n on international markets with a term of five years from its issuance date and maturity in December 2026. Those instruments will accrue interest at a fixed rate of 7.75%.

In May 2019, the Entity placed of debt instruments worth $1,350,000 over 5 years as from the issuance date, maturing in May 2024. Those instruments will accrue interest at the 28-day TIIE rate plus 0.95 percentage points; and other debt instruments worth $2,650,000 over 7 years as from the issue date, maturing in May 2026. Those instruments will accrue interest at a fixed rate of 10.01%.

In October 2017, the Entity placed of debt instruments worth $1,000,000 over 5 years as from the issuance date, maturing in September 2022. Those instruments will accrue interest at the 28-day TIIE rate plus 0.90 percentage points; and other debt instrument worth $2,000,000 over 10 years as from the issue date, maturing in September 2027. Those instruments will accrue interest at a fixed rate of 8.85%.

In March 2015, the Entity placed of debt instruments worth $3,000,000 over 5 years as from the issuance date, maturing in March 2020. Those instruments will accrue interest at the 28-day TIIE rate plus 1.10 percentage points; and other debt instrument worth $1,000,000 over 10 years as from the issue date, maturing in March 2025. Those instruments will accrue interest at a fixed rate of 8.07%.

The balance at December 31, 2023, 2022 and 2021 amounts to $20,903,791, $22,748,440 and $18,078,340, respectively.

Year maturity	Amount	
2024	$	1,350,000
2025		1,000,000
2026		11,109,500
2027		7,444,291
	$	20,903,791

The placement of the Euro Bond 2027 and issuance, of the US$500 million stock certificate, allowed the liquidation of its short-term obligations and the restructuring of long-term debt. Both bond placements, together with the reductions in operating restrictions imposed by authorities in each country to deal with the pandemic, have ensured continuity and a return to productivity at pre-pandemic levels in 2020.

18. Non-Controlling Interest Put Option

In October 2014, the Entity acquired Grupo Zena; as a result, it has the right to sell to Alsea its noncontrolling interest for 28.24% in other investors, upon completion of the fourth year after the acquisition (original agreement). In compliance with IFRS 9, *Financial Instruments*, the present value of the estimated debt that will be liquidated at the time the sale option is exercised should be recognized in accordance with the clauses of the contract. The initial recognition of such debt is recognized as a supplemental equity account and every year its revaluation affects the result for the year.

In September 2021, the Entity, Alia Capital Partners and Bain Capital Credit agreed to invest in a noncontrolling interest of 21.1% in Food Service Project, S.A. (Alsea Europa). Following this investment, Alsea holds equity of 76.8% (formerly 66.2%), while Alia Capital Partners and Bain Capital Credit will indirectly hold equity of 10.6%, and the remaining minority shareholders represent 12.7%. The Entity's outlay was 55 million euros (equal to $1,205,703). Similarly, reimbursements of $92.4 million pesos were also obtained. Based on this agreement, the Entity renegotiated its PUT - CALL options in the following manner:

a) Deadline of December 31, 2026.
b) The Entity has an enforceable and optional "Call Option" as of the third year.
c) The weekly payment of a coupon (4.6% per year) payable until the date on which the "Put Option" is exercised.
d) The Entity has the possibility of settling the obligation through the exchange of shares or cash.

19. Income taxes

In Mexico, the Entity is subject to ISR. Under the ISR Law the rate for 2023, 2022 and 2021 was 30% and will continue at 30% and thereafter.

In Chile, the Tax Modernization Law established the Tax Regimes in effect as of January 1, 2020, the companies of the Alsea Group in Chile were placed under the general semi-integrated regime of Article 14 A), whose tax rate is 27%.

In Colombia, the applicable tax provisions stipulate that the rate applicable to income tax for taxable years 2019 is 33%, 32% for 2020, 31% for 2021 and 35% from the 2022 taxable year.

In addition, tax losses determined from 2017 may be offset by liquid income earned within twelve (12) years. The term for offsetting presumptive income excesses will remain five (5) years. These tax credits cannot be tax reset.

"In Argentina, i.- Income tax: On June 16, 2021, Law No. 27,630 was published, which modifies the income tax for fiscal years or fiscal years beginning on or after January 1, 2021, establishing a scale for the purposes of payment of the tax according to the accumulated net taxable profit. By virtue of AFIP General Resolution 5168/2022 dated March 14, 2022 that modifies the scale of the taxable net profit, the tax rate applicable to the Company will be determined according to the following scale: up to $ 7,604,949 (Argentine pesos) corresponds to pay the tax on a rate of 25%; from $7,604,949 (Argentine pesos) to $76,049,486 (Argentine pesos), the sum of $1,901,237 (Argentine pesos) plus 30% on the surplus of $7,604,949 (Argentine pesos) is taxed; and from $ 76,049,486 (Argentine pesos) corresponds to tax $ 22,434,598 (Argentine pesos), plus 35% on the surplus of $ 76,049,486 (Argentine pesos). These amounts will be updated annually in the month of January, considering the annual variation of the Consumer Price Index (CPI) corresponding to the month of October of the year prior to the adjustment, with respect to the same month of the second year prior to the adjustment.

Likewise, the withholding rate for the payment of dividends is set at 7%.

As of December 31, 2021, the parameters established by the income tax law to practice the adjustment for tax inflation are met and in the registration of the current and deferred income tax, the effects arising from the application of that adjustment have been incorporated in the terms provided for in the law.

In Spain, tax reforms, which include the reduction of this tax rate 25% in 2023, 2023 and 2021, and no modification is foreseen for the following fiscal years. Newly created companies will pay tax at the 15% rate during the first tax period in which their tax basis is positive and in the following period. As of 2021, the tax exemption on dividends and capital gains is limited from 100% to 95%, so that 5% of income will be taxed in Spain without said adjustment being eliminated in consolidation. Similarly, as part of these tax reforms, tax losses will be applicable without a time limitation.

The tax rates established for the financial year 2022, in the rest of the countries in which Alsea is present in Europe are as follows:

- Portugal: 21%
- France: 25%
- Netherlands: First 395,000 euros at 15%, the rest at 25.80%.
- Belgium: 25%
- Luxembourg: 17% (includes the solidarity surcharge of 7% on the CIT amount).

a. *Income taxes recognized in income*

	2023	2022	2021
Current	$ 1,751,243	$ 1,183,079	$ 1,120,853
Deferred	(390,310)	(308,761)	(804,963)
	$ 1,360,933	$ 874,318	$ 315,890

The tax expense attributable to income before ISR differs from that arrived at by applying the 30% statutory rate in 2023, 2022 and 2021 due to the following items:

	2023	2022	2021
Statutory income tax rate	30%	30%	30%
Non-deductible expenses	6%	8%	20%
Effects of inflation and others	3%	18%	37%
Fixed asset update	(5%)	(23%)	(43%)
Lease Effects under IFRS 16	(1%)	(6%)	(7%)
Effect of changes in prior years' taxes	1%	2%	(6%)
Difference in tax rates	0%	1%	3%
Others	(3%)	4%	(2%)
Effective consolidated income tax rate	31%	34%	32%

b. *Deferred taxes*

Following is an analysis of deferred tax assets shown in the consolidated statements of financial position:

	2023	2022	2021
Deferred (assets) liabilities:			
Estimation for doubtful accounts and inventory obsolescence	$ (39,914)	$ (25,239)	$ (31,692)
Liability provisions	(1,639,117)	(1,521,877)	(963,796)
Advances from customers	(44,878)	(24,563)	(20,090)
Unamortized tax losses	(1,313,166)	(1,368,012)	(1,312,947)
Store equipment, leasehold improvements and property	979,112	974,377	982,118
Temporally non-deductible interest	-	-	(88,192)
Effects under IFRS 16	(390,623)	(465,366)	(433,827)
Advance payments	86,375	154,645	175,875
	$ (2,362,211)	$ (2,276,035)	$ (1,692,551)

c. *Deferred tax in statement of financial position*

The following is the analysis of deferred tax assets (liabilities) presented in the consolidated statements of financial position:

	2023	2022	2021
Deferred tax assets	$ (5,587,845)	$ (3,102,781)	$ (5,402,823)
Deferred tax liabilities	3,225,633	826,746	3,710,272
	$ (2,362,212)	$ (2,276,035)	$ (1,692,551)

The benefits of restated tax loss carryforwards for which the deferred ISR asset and tax credit, respectively, have been (in such case partially) recognized, can be recovered subject to certain conditions. Expiration dates and restated amounts as of December 31, 2023, are:

Year of expiration	Depreciable losses					
	Mexico	Europe	Chile	Argentina	Colombia	Total
2024	7,115	-	-	-	-	7,115
2025	130,827	-	-	1,092	-	131,919
2026	82,121	-	-	-	-	82,121
2027	89,900	-	-	-	-	89,900
2028	305,985	-	-	-	-	305,985
2029	118,165	-	-	-	24,936	143,101
2030	1,511,123	-	-	-	28,439	1,539,562
2031	885,503	-	-	-	26,498	912,001
2032	381,177	-	-	-	25,136	406,313
2033	1,040,167	-	-	-	20,971	1,061,138
Losses of entities abroad without maturity	-	2,774,851	448,967	-	102,245	3,326,063
Total losses	$ 4,552,083	$ 2,774,851	$ 448,967	$ 1,092	$ 228,225	$ 8,005,218
Losses triggered for deferred	$ 2,048,662	$ 2,394,138	$ 337,315	$ -	$ 25,594	$ 4,805,709
Legal Fee	30%	25%	27%	35%	35%	-
Deferred tax effect	$ 614,599	$ 598,534	$ 91,075	$ -	$ 8,958	$ 1,313,166

20. Employee benefits

Defined contribution plans

Retirement plan is established with the objective of offering benefits in addition to and complementary to those provided by other public retirement plans.

Total income recognized in the consolidated statements of income and other comprehensive income net of income taxes as of December 31, 2023, 2022 and 2021 is $1,537 ($16,715) and ($3,044), respectively.

The net cost of the period for the obligations derived from the seniority premium, amounted to $60,136, $55,731 and $29,062 in 2023, 2022 and 2021, respectively.

21. Financial Instruments

a. *Capital risk management*

The Entity manages its capital to ensure that the companies that it controls are able to continue operating as a going concern while they maximize the yield for their shareholders by streamlining the debt and equity balances. The Entity's general strategy has not changed in relation to 2022 and 2021.

The Entity's capital structure consists of the net debt (the loans described in Note 16 and 17, compensated by cash balances and banks) and the Entity's capital (made up of issued capital stock, reserves and retained earnings, as shown in Note 22).

LThe Entity is not subject to external requirements to manage its capital.

The main purpose for managing the Entity's capital risk is to ensure that it maintains a solid credit rating and sound equity ratios to support its business and maximize value to its shareholders.

The Entity manages its capital structure and makes any necessary adjustments based on changes in economic conditions. In order to maintain and adjust its capital structure, the Entity can modify the dividend payments to the shareholders, reimburse capital to them or issue new shares.

For the years ended December 31, 2023, 2022 and 2021, there were no modifications to the objectives, policies or processes pertaining to capital management.

The following ratio is used by the Entity and by different rating agencies and banks to measure credit risk.

- Net Debt to EBITDA = Net Debt / EBITDA ltm.
  As of December 31,to 2023, 2022 and 2021, the company agreed, through a waiver, not to measure the financial restriction established in the Entity's credit agreements corresponding to the ratio of Total Debt to EBITDA in the last twelve months.

b. *Financial instrument categories*

	2023	2022	2021
Financial assets			
Cash and cash equivalents	$ 6,409,798	$ 6,086,817	$ 6,893,433
Loans and accounts receivable at amortized cost	2,185,637	1,825,744	1,518,263
Financial liabilities at amortized cost			
Suppliers	4,265,968	4,252,803	2,971,439
Factoring of suppliers	1,501,931	1,375,794	1,007,798
Accounts payable to creditors	4,172,708	4,861,118	4,446,604
Current maturities of long-term debt	388,217	1,277,638	1,638,000
Current maturities of financial lease liabilities	3,315,031	4,103,865	4,415,950
Debt instruments	1,350,000	-	1,000,000
Long-term debt, not including current maturities	4,828,112	3,762,760	12,012,739
Obligation under finance leases	15,101,829	17,720,573	19,347,324
Option to sell the non-controlling interest	19,553,791	22,748,440	17,078,340

c. *Objectives of managing financial risks*

Among the main associated financial risks that the Entity has identified and to which it is exposed are: (i) market (foreign currency and interest rate), (ii) credit, and (iii) liquidity.

The Entity seeks to minimize the potential negative effects of the aforementioned risks on its financial performance by applying different strategies. The first involves securing risk coverage through derivative financial instruments.

Derivative instruments are only traded with well-established institutions and limits have been set for each financial institution. The Entity has the policy of not carrying out operations with derivative financial instruments for speculative purposes.

d. *Market risk*

The Entity is exposed to market risks resulting from changes in exchange and interest rates. Variations in exchange and interest rates may arise as a result of changes in domestic and international economic conditions, tax and monetary policies, market liquidity, political events and natural catastrophes or disasters, among others.

Exchange fluctuations and devaluation or depreciation of the local currency in the countries in which Alsea participates could limit the Entity's capacity to convert local currency to US dollars or to other foreign currency, thus affecting their operations, results of operations and consolidated financial position. The Entity currently has a risk management policy aimed at mitigating present and future risks involving those variables, which arise mainly from purchases of inventories, payments in foreign currencies and public debt contracted at a floating rate. The contracting of derivative financial instruments is intended to cover or mitigate a primary position representing some type of identified or associated risk for the Entity. Instruments used are merely for economic hedging purposes, not for speculation or negotiation.

The types of derivative financial instruments approved by the Entity for the purpose of mitigating exchange fluctuation and interest rate risk are as follows:

- USD/MXN exchange-rate forwards contracts
- USD/MXN exchange-rate options
- Interest Rate Swaps and Swaptions
- Cross Currency Swaps

Given the variety of possible derivative financial instruments for hedging the risks identified by the Entity, the Director of Corporate Finance is authorized to select such instruments and determine how they are to be operated.

e. *Currency exchange risk management*

The Entity carries out transactions in foreign currency and therefore it is exposed to exchange rate fluctuations. Exposure to exchange rate fluctuations is managed within the parameters of approved policies, using foreign currency forwards contracts. Note 31 shows foreign currency positions at December 31, 2023, 2022 and 2021. It also shows the exchange rates in effect at those dates.

USD hedging and its requirements are determined based on the cash flow budgeted by the Entity, and it is aligned to the current Risk Management Policy approved by the Corporate Practices Committee, the General Director's office and the Administration and Financial Director's office. The policy is overseen by the Internal Audit Department.

The exchange rate risk expressed in a foreign currency (USD) is internally monitored on a weekly basis with the positions or hedges approximating maturity at market exchange rates. The agent calculating or valuing the derivative financial instruments is in all cases the counterparty designated under the master agreement.

The purpose of the internal review is to identify any significant changes in exchange rates that could pose a risk or cause the Entity to incur in non-compliance with its obligations. If a significant risk position is identified, the Corporate Treasury Manager informs the Corporate Financial Director's office.

The following table shows a quantitative description of exposure to exchange risk based on foreign currency forwards and options agreements contracted by the Entity in USD/MXN, in effect as of December 31, 2023, 2022 and 2021.

			Underlying / reference variable			Notional amount/ face value (thousands of USD)			Fair value (thousands of USD)		
Type of derivative, security or contract	Position	Objective of the hedging	2023 current	2022 current	2021 previous	2023 current	2022 current	2021 previous	2023 current	2022 current	2021 previous
Forwards	Long	Economic	16.9200 USDMXN	20.0900 USDMXN	20.9100 USDMXN	923,292	-	-	$ -	$ -	$ -
Options	Long	Economic	16.9200 USDMXN	20.0900 USDMXN	20.9100 USDMXN	285,948	1,720,709	512,295	$ (170,029)	$ (40,341)	$ 5,792

1. *Foreign currency sensitivity analysis*

As of December 31, 2023, 2022 and 2021, the Entity has hedges for the purchase of US dollars for the next 12 months for a total of $72.0, $85.7 and $24.5 million, respectively, with an average exchange rate of $19.82, $20.02 and $19.97 per US dollar, respectively, the valuation is made with an average exchange rate of $19.92, $20.11 and $20.47, per US dollar, respectively, for the following 12 months starting from December 31, 2023, 2022 and 2021.

Given the aforementioned values and amounts of foreign exchange hedges, management does not anticipate a significant risk that could affect its results at the close of December 31, 2023, as well as its obligations incurred in its current operations due in the next twelve months. The net position of assets against dollar-denominated financial liabilities is not considered as it is neither representative nor material. The analysis shows only the impact on the hedges for the dollar purchase operations contracted and in force at the end of December 31, 2023.

Management considers that in the event of a stress scenario as the one described above, the Entity's liquidity capacity would not be affected, there would be no negative effects on its operations, nor would compliance with the commitments assumed in relation to contracted derivative financial instruments be at risk.

2. *Foreign currency forwards and options contracts*

At December 31, 2023, 2022 and 2021, a total of 404, 402 and 396 derivative financial instrument operations (forwards and options) were carried out, respectively, for a total of 117.2, 96.5 and 127.7 million US dollars, respectively. The absolute value of the fair value of the derivative financial instruments entered into per quarter over the year does not comprise more than 5% of assets, liabilities or total consolidated capital, or otherwise 5% of the total consolidated sales for the last quarter. Therefore, the risk for the Entity of exchange rate fluctuations will have no negative effects, nor will it affect its capacity to carry out derivative financial instrument operations.

At December 31, 2023, 2022 and 2021, Alsea has contracted DFI's to purchase US dollars in the next twelve months for a total of approximately 72, 85.7 and 24.5 million USD, at the average exchange rate of $19.82, $20.02 and $19.97 to the dollar, respectively.

At December 31, 2023, 2022 and 2021, the Entity had contracted the financial instruments shown in the table above.

f. *Interest rate risk management*

The Entity faces certain exposure to the volatility of interest rates as a result of contracting bank and public stock exchange debt at fixed and variable interest rates. The respective risks are monitored and evaluated monthly on the basis of:

- Cash flow requirements
- Budget reviews
- Observation of the market and interest rate trends in the local market and in the countries in which Alsea operates (Mexico, Argentina, Chile and Colombia).
- Differences between negative and positive market rates

The aforementioned evaluation is intended to mitigate the Entity's risk concerning debt subject to floating rates or indicators, to streamline the respective prices and to determine the most advisable mix of fixed and variable rates.

The Corporate Treasury Manager is responsible for monitoring and reporting to the Administration and Financial Director any events or contingencies of importance that could affect the hedging, liquidity, maturities, etc. of DFI's. He in turn informs Alsea's General Management of any identified risks that might materialize.

The type of derivative products utilized and the hedged amounts are in line with the internal risk management policy defined by the Entity's Corporate Practices Committee, which contemplates an approach to cover foreign currency needs without the possibility to carry out speculative operations.

At December 31, 2023, the Entity has a total debt of $26,120 million pesos, this debt was contracted at a fixed rate and a variable rate; in addition to the above, it was decided to apply a risk management strategy in order to you mitigate the fluctuations of the interest rate staying in a mix of rates where 61% is fixed at a weighted rate of 9.43%%, and 39% at a variable rate, this strategy has generated a positive result for the Entity.

- ***Interest rate swap contracts***

  According to contracts for swaps of interest (Interest Rate Swap - ISR), the Entity agrees to exchange the difference between the amounts of the fixed and variable rates calculated on the agreed notional amount.

Such contracts allow the Entity to mitigate interest rate change risks on the fair value of the debt issued at a fixed interest rate and the exposure to cash flows on the debt issued at a variable interest rate. The starting price of the swaps of interest at the end of the period being reported is determined by discounting future cash flows using the curves at the end of the period being reported and the credit risk inherent to the contract, as described further on in these consolidated financial statements. The average interest rate is based on current balances at the end of the period being reported.

The following table shows a quantitative description of exposure to interest rate risk based on interest rate forwards and options agreements contracted by the Entity, in effect as of December 31, 2023, 2022 and 2021.

			Underlying / reference variable			Notional amount/ face value (thousands of USD)			Fair value (thousands of USD)		
Type of derivative, security or contract	Position	Objective of the hedging	2023 current	2022 current	2021 previous	2023 current	2022 current	2021 previous	2023 current	2022 current	2021 previous
IRS Plain Vanilla	Long	Coverage	11.50% - TIIE 28 d	10.76% - TIIE 28 d	5.7150% - TIIE 28 d	33,674,856	9,789,783	4,014,594	$ 1,150,255	$ 410,654	$ 301,068
IRS Plain Vanilla	Long	Economic	11.50% - TIIE 28 d	10.76% - TIIE 28 d	5.7150% - TIIE 28 d	-	-	1,307,507	$ -	$ -	$ (4,883)
Capped IRS	Long	Economic	11.50% - TIIE 28 d	10.76% - TIIE 28 d	5.7150% - TIIE 28 d	302,500	7,093,020	1,255,007	$ 7,865	$ (241,349)	$ 5,683

The following table details quantitatively the instrument contracted for the senior bond issued in dollars with a value of $500 million outstanding as of December 31, 2023:

Instrument	Rate	Notional (Miles USD)	Notional (Miles MXP)	Closing date	Expiring date
Coupon Only Swap	8.2750%	428,931	8,093,928	Jan 20, 2023	Dec 16, 2024
Call Spread	2.3970%	257,358	6,176,606	Jan 05, 2022	Dec 08, 2026
Principal Only Swap	5.1675%	171,512	3,557,416	Jan 10, 2022	Dec 14, 2026
Coupon Only Swap	TIIE 28D + 0.7100%	232,727	4,308,468	Feb 16, 2023	Dec 14, 2025
Coupon Only Swap	8.7300%	232,727	4,308,468	Feb 16, 2023	Dec 14, 2025
Coupon Only Swap	9.1800%	215,000	3,893,650	Mar 30, 2023	Dec 14, 2026
Coupon Only Swap	8.9800%	215,000	3,874,300	Mar 31, 2023	Dec 16, 2024

1. ***Analysis of interest rate sensitivity***

The following sensitivity analysis has been determined on the basis of the exposure to interest rates of derivative instruments and of non-derivative instruments at the end of the period being reported. In the case of variable rate liabilities, an analysis is prepared assuming that the amount of the liability held at the end of the period being reported has been the amount of the liability throughout the year.

- The first stress scenario considered by the Entity's management is a 200 bps increase in the 28-day TIIE reference rate while the rest of the variables remain constant. With the mix in the hedging portfolio of plain vanilla interest rate swaps and the swaptions contracted at the December 31, 2023 close, the increase in financial costs is of approximately $47.4 million.

- A 150 bps increase in the 28-day TIIE rate represents an increase in the financial cost of approximately $35.5 million, which poses no risk to the Entity's liquidity nor gives rise to a negative effect on the business's operations or in assuming commitments for contracting interest rate derivative financial instruments.

- Lastly, the scenario with a 100 bps increase in the 28-day TIIE reference rate would have a positive effect on the financial cost of approximately $23.7 million.

The previous scenarios were carried out on the bank and stock market debt contracted in Mexican pesos with 28-day TIIE floating rate.

g. *Credit risk management*

Credit risk refers to the uncertainty of whether one or several of the counterparties will comply with their contractual obligations, which would result in a financial loss for the Entity. The Entity has adopted the policy of only operating with solvent institutions and obtaining sufficient collateral, when deemed necessary, as a way to mitigate the risk of financial loss caused by non-compliance.

The Entity has identified in its portfolio a credit risk among its derivative financial instruments designed as cash flow hedges, since are measured at fair value.

The Entity's exposure and the credit ratings of its counterparties are supervised on a regular basis. The maximum credit exposure levels allowed are established in the Entity's risk management internal policies. Credit risk over liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings issued by accepted rating agencies.

In order to reduce to a minimum, the credit risk associated to counterparties, the Entity contracts its financial instruments with domestic and foreign institutions that are duly authorized to engage in those operations and which form part of the Mexican Financial System.

With respect to derivative financial instruments, the Entity signs a standard agreement approved by the International Swaps and Derivatives Association Inc. with each counterparty along with the standard confirmation forms for each operation. Additionally, the Entity signs bilateral guarantee agreements with each counterparty that establish the margin, collateral and credit line policies to be followed. Such agreements, commonly known as "Credit Support Annexes", establish the credit limits offered by credit institutions that would apply in the event of negative scenarios or fluctuations that might affect the fair value of open positions of derivative financial instruments. Such agreements establish the margin calls for instances in which credit facility limits are exceeded.

In addition to the bilateral agreements signed further to the ISDA maser agreement, known as Credit Support Annexes (CSA), the Entity monitors the favorable or negative fair value on a monthly basis. Should the Entity incur a positive result, and that result be considered material in light of the amount, a CDS could be contracted to reduce the risk of breach by counterparties.

The methodologies and practices generally accepted in the market and which are applied by the Entity to quantify the credit risk related to a given financial agent are detailed below.

1.- Credit Default Swap, the credit risk is quantified based on the quoted market price. The CDS is the additional premium that an investor is willing to pay to cover a credit position, meaning that the risk quantification is equal to this premium. This practice is utilized as long as quoted CDS are available on the market.

2. Issuance Credit Spread, if issuances are available for quotation on different financial markets, the credit risk can be quantified as the difference between the internal rate of return of the bonds and the risk-free rate.

3. Comparable items, if the risk cannot be quantified by using the above methodologies, the use of comparable items is generally accepted; i.e., the use of entities or bonds of the sector that the company wishes to analyze as a reference.

The Entity has the policy of monitoring the volume of operations contracted with each institution, in order to avoid margin calls and mitigate credit risks with counterparties.

At the close of December 31, 2023 and 2022, the Entity has incurred in 104 and 53 margin calls just in 2023, 2022 and 2021, respectively.

At December 31, 2023, 2022 and 2021, the Entity has recorded no breaches to the agreements signed with different financial entities for exchange rate hedging operations.

The Entity's maximum exposure to credit risk is represented by the carrying value of its financial assets. At December 31, 2023, 2022 and 2021, that risk amounts to $2,390,935, $1,973,357 and $1,7723,363, respectively.

The credit risk generated by the management of the Entity’s temporary investments reflects its current investment policy, which has the following objectives: I) enhance resource efficiency, and II) mitigate the credit risk. In order to fulfill these objectives, certain guidelines and maximum amounts were established for counterparties, instruments and periods within the Entity’s policies.

All transactions performed in Mexican pesos and foreign currency are supported by an outline brokerage agreement duly executed by both parties with regulated institutions belonging to the Mexican Financial System, which have the guarantees required by the Entity and recognized credit ratings. The only instruments authorized for temporary investments are those issued by the federal government, corporate and banking institutions under the repurchase modality.

h. *Liquidity risk management*

The ultimate responsibility for managing liquidity lies in the Financial Director, for which purpose the Entity has established policies to control and follow up on working capital, thus making it possible to manage the Entity's short-term and long-term financing requirements. In keeping this type of control, cash flows are prepared periodically to manage risk and maintain proper reserves, credit lines are contracted and investments are planned.

The Entity's main source of liquidity is the cash earned from its operations.

The following table describes the contractual maturities of the Entity's financial liabilities considering agreed payment periods. The table has been designed based on undiscounted, projected cash flows and financial liabilities considering the respective payment dates. The table includes the projected interest rate flows and the capital disbursements made towards the financial debt included in the consolidated statements of financial position. If interest is agreed at variable rates, the undiscounted amount is calculated based on the interest rate curves at the end of the period being reported. Contractual maturities are based on the minimum date on which the Entity must make the respective payments.

As of December 31, 2023	Average effective interest rate	Up to 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Up to 5 years or more	Total
Long-term debt	7.58%	$ 388,217	$ 1,200,164	$ 3,627,948	$ -	$ -	$ 5,216,329
Debt instruments	8.13%	1,350,000	1,000,000	11,109,500	7,444,291	-	20,903,791
Financial leasing	4.00%	3,315,031	2,762,529	2,578,360	2,210,023	7,550,917	18,416,860
Derivates		-	1,328,149	-	-	-	1,328,149
Suppliers		4,265,968	-	-	-	-	4,265,968
Factoring of suppliers (1)		1,501,931	-	-	-	-	1,501,931
Accounts payable creditors		4,172,708	-	-	-	-	4,172,708
Accumulated expenses and employee benefits		7,030,557	-	-	-	-	7,030,557
Sale of non-controlling interest		1,123,439	-	-	-	-	1,123,439
Total		$ 23,147,851	$ 6,290,842	$ 17,315,808	$ 9,654,314	$ 7,550,917	$ 63,959,732

As of December 31, 2022	Average effective interest rate	Up to 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Up to 5 years or more	Total
Long-term debt	6.46%	$ 1,277,638	$ 1,512,168	$ 1,420,744	$ 829,848	$ -	$ 5,040,398
Debt instruments	9.14%	-	1,200,449	1,000,000	2,650,000	17,897,991	22,748,440
Financial leasing	8.00%	4,103,865	3,503,867	2,980,936	2,493,175	8,742,595	21,824,438
Derivates		-	691,056	-	-	-	691,056
Suppliers		4,252,803	-	-	-	-	4,252,803
Factoring of suppliers (1)		1,375,794	-	-	-	-	1,375,794
Accounts payable creditors		4,861,118	-	-	-	-	4,861,118
Accumulated expenses and employee benefits		5,667,413	-	-	-	-	5,667,413
Sale of non-controlling interest		-	1,123,439	-	-	-	1,123,439
Total		$ 21,538,631	$ 8,030,979	$ 5,401,680	$ 5,973,023	$ 26,640,586	$ 67,584,899

As of December 31, 2021	Average effective interest rate	Up to 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Up to 5 years or more	Total
Long-term debt	6.48%	$ 1,638,000	$ 3,651,966	$ 3,157,355	$ 3,057,287	$ 2,146,131	$ 13,650,739
Debt instruments	8.13%	1,000,000	-	1,350,000	820,490	14,907,850	18,078,340
Financial leasing	4.00%	4,415,950	3,564,491	3,326,858	2,851,593	9,604,382	23,763,274
Derivatives		-	305,968	-	-	-	305,968
Suppliers		2,971,439	-	-	-	-	2,971,439
Factoring of suppliers (1)		1,007,798	-	-	-	-	1,007,798
Accounts payable creditors		4,446,604	-	-	-	-	4,446,604
Accumulated expenses and employee benefits		3,854,182	-	-	-	-	3,854,182
Sale of non-controlling interest		-	-	1,272,474	-	-	1,272,474
Total		$ 19,333,973	$ 7,522,425	$ 9,106,687	$ 6,729,370	$ 26,658,363	$ 69,350,818

(1) The policy of payment to suppliers is 90 days, for which the Entity signed financial factoring contracts backed by credit lines with financial institutions, through which a supplier can contact the financial institution to collect the any invoice in particular, previously approved by Alsea, before the payment date, which ends the payment obligation of Alsea to the supplier; in turn, Alsea will settle the balance to the financial institution on the due date for the invoice, in accordance with the terms previously agreed with the supplier. This transaction has no cost to Alsea, provided that the balances are liquidated in a timely manner, the balances not settled in a timely manner will be subject to a default interest that will be determined by the financial institution; Additionally, Alsea receives a commission for the balances discounted by the suppliers. These amounts have been classified as factoring of suppliers in the statement of financial position.

i. *Fair value of financial instruments*

This notes provides information on the manner in which the Entity determines the fair values of the different financial assets and liabilities.

Some of the Entity's financial assets and liabilities are valued at fair value at each reporting period. The following table contains information on the procedure for determining the fair values of financial assets and financial liabilities (specifically the valuation technique(s) and input data used).

Financial assets/liabilities	Fair value (1)(2) Figures in thousands of USD						Fair value hierarchy
		2023		2022		2021	
1) Forwards and currency options agreements	$	(121,313)	$	(38,978)	$	-	Nivel 2
2) Interest rate swaps	$	(1,206,836)	$	409,945	$	5,662	Nivel 2

Valuation technique(s) and main input data (1): Plain vanilla forwards are calculated based on discounted cash flows on forward exchange type bases. The main input data are the Spot, the riskfree rates in MXN and USD + a rate that reflects the credit risk of counterparties. In the case of options, the methods used are Black and Scholes and Montecarlo digital and/or binary algorithms.

Valuation technique(s) and main input data (2): Discounted cash flows are estimated based on forwards interest rates (using the observable yield curves at the end of the period being reported) and the contractual rates, discounted at a rate that reflects the credit risk of the counterparties.

During the period there were no transfers between level 1 and 3.

(1) The fair value is presented from a bank's perspective, which means that a negative amount represents a favorable result for the Entity.
(2) The calculation or valuation agent used is the same counterparty or financial entity with whom the instrument is contracted, who is asked to issue the respective reports at the month-end closing dates specified by the Entity.

(3) Techniques and valuations applied are those generally used by financial entities, with official price sources from banks such as Banxico for exchange rates, Proveedor Integral de Precios (PIP) and Valmer for supply and databases of rate prices, volatility, etc.

In order to reduce to a minimum, the credit risk associated with counterparties, the Entity contracts its financial instruments with domestic and foreign institutions that are duly authorized to engage in those operations.

In the case of derivative financial instruments, a standard contract approved by the International Swaps and Derivatives Association Inc. (ISDA) is executed with each counterparty; the standard confirmation forms required for each transaction are also completed.

Likewise, bilateral guarantee agreements are executed with each counterparty to determine policies for the margins, collateral and credit lines to be granted.

This type of agreement is usually known as a "Credit Support Annex"; it establishes the credit limits that financial institutions grant to the company and which are applicable in the event of negative scenarios or fluctuations that affect the fair value of the open positions of derivative financial instruments. These agreements establish the margin calls to be implemented if credit line limits are exceeded.

Aside from the bilateral agreements attached to the ISDA outline agreement known as the Credit Support Annex (CSA), the Entity monthly monitors the fair value of payable or receivable amounts. If the result is positive for the Entity and is considered relevant due to its amount, a CDS can be contracted to reduce the risk of counterparty noncompliance.

The Entity has the policy of monitoring the number of operations contracted with each of these institutions so as to avoid margin calls and mitigate the counterparty credit risk.

At December 31, 2023, 2022 and 2021, the Entity has not received any margin calls and does not have any securities given as a guarantee with counterparties as interest rate hedges. Furthermore, it did not record any instances of noncompliance with the contracts executed with different financial institutions for operations involving interest rate hedges.

j. *Fair value of financial assets and liabilities that are not valued at fair value on a recurring basis (but that require fair value disclosure)*

Except for the matter described in the following table, Management considers that the carrying values of financial assets and liabilities recognized at amortized cost in the consolidated financial statements approximate their fair value:

	2023		2022		2021	
Financial liabilities	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities maintained at amortized cost:						
Suppliers	$ 4,265,968	$ 4,265,968	$ 4,252,803	$ 4,252,803	$ 2,971,439	$ 2,971,439
Factoring of suppliers	1,501,931	1,501,931	1,375,794	1,375,794	1,007,798	1,007,798
Bank loans	388,217	542,514	1,277,638	1,620,976	1,638,000	1,899,197
Obligation under finance leases	3,315,031	3,315,031	4,103,865	4,103,865	4,415,950	4,415,950
Long-term bank loans	4,828,112	5,680,772	3,762,760	4,160,393	12,012,739	13,338,888
Non-current financial lease liabilities	15,101,829	15,101,829	17,720,573	17,720,573	19,347,324	19,347,324
Debt instruments	20,903,791	21,054,728	22,748,440	22,211,789	18,078,340	18,504,850
Total	$ 50,304,879	$ 51,462,773	$ 55,241,873	$ 55,446,193	$ 59,471,590	$ 61,485,446

Financial liabilities 2023	Level 2
Financial liabilities maintained at amortized cost:	
Current maturities of long-term debt	$ 388,217
Current obligation under finance leases	3,315,031
Debt instruments	4,828,112
Long-term debt, not including current maturities	15,101,829
Obligation under finance leases	1,123,439
Debt instruments	20,903,791
Total	$ 45,660,419

Financial liabilities 2022	Level 2
Financial liabilities maintained at amortized cost:	
Current maturities of long-term debt	$ 1,277,638
Current obligation under finance leases	4,103,865
Debt instruments	3,762,760
Long-term debt, not including current maturities	17,720,573
Obligation under finance leases	1,123,439
Debt instruments	22,748,440
Total	$ 50,736,715

Financial liabilities 2021		Level 2
Financial liabilities maintained at amortized cost:		
Current maturities of long-term debt	$	1,638,000
Current obligation under finance leases		4,415,950
Debt instruments		1,000,000
Long-term debt, not including current maturities		12,012,739
Obligation under finance leases		19,347,324
Option to sell the non-controlling interest		1,272,474
Debt instruments		17,078,340
Total	$	56,764,827

Valuation

a) ***Description of valuation techniques, policies and frequency:***

The derivative financial instruments used by Alsea (forwards and swaps) are contracted to reduce the risk of adverse fluctuations in exchange and interest rates. Those instruments require the Entity to exchange cash flows at future fixed dates on the face value or reference value and are valued at fair value.

b) ***Liquidity in derivative financial operations:***

1. The resources used to meet the requirements related to financial instruments, will come from the resources generated by Alsea.

2. External sources of liquidity: No external sources of financing will be used to address requirements pertaining to derivative financial instruments.

22. Stockholders' equity

Following is a description of the principal features of the stockholders' equity accounts:

a. ***Capital stock structure***

The movements in capital stock and premium on share issue are shown below:

	Number of actions		Thousands of pesos social capital		Premium in issuance of shares
Figures as of December 31, 2022	838,578,725	$	478,749	$	8,676,827
Placement of actions	-		-		(1,417)
Figures as of December 31, 2022	838,578,725		478,749		8,675,410
Placement of actions	(23,506,079)		(11,753)		(949,682)
Figures as of December 31, 2023	815,072,646	$	466,996	$	7,725,728

The fixed minimum capital with no withdrawal rights is comprised of Class I shares, while the variable portion is represented by Class II shares, and it must in no case exceed 10 times the value of the minimum capital with no withdrawal rights.

The National Banking and Securities Commission has established a mechanism that allows the Entity to acquire its own shares in the market, for which purpose a reserve for repurchase of shares must be created and charged to retained earnings.

Total repurchased shares must not exceed 5% of total issued shares; they must be replaced in no more than one year, and they are not considered in the payment of dividends.

The premium on the issuance of shares is the difference between the payment for subscribed shares and the par value of those same shares, or their notional value (paid-in capital stock divided by the number of outstanding shares) in the case of shares with no par value, including inflation, at December 31, 2012.

Available repurchased own shares are reclassified to contributed capital.

During the Ordinary and Extraordinary General Shareholders' Meeting held on April 27, 2023, it was agreed to cancel 4,927,000 common shares repurchased in the market, equivalent to $202,300

During the Ordinary and Extraordinary General Shareholders' Meeting held on February 1, 2023, it was agreed to cancel 18,579,079 ordinary shares repurchased in the market, an amount equivalent to 2.2% of the total shares in circulation.

Available repurchased shares are reclassified to contribute capital.

b. *Stockholders' equity restrictions*

I. 5% of net earnings for the period must be set aside to create the legal reserve until it reaches 20% of the capital stock. At December 31, 2023, 2022 and 2021, the legal reserve amounted to $100,736, which amount reaches the required 20%.

II. Dividends paid out of accumulated profits will be free of ISR if they come from the CUFIN and for the surplus 30% will be paid on the result of multiplying the dividend paid by the update factor. The tax arising from the payment of the dividend that does not come from the CUFIN will be charged to the Entity and may be credited against the corporate ISR for the following two years.

23. Non-controlling interest

a. Following is a detail of the non-controlling interest.

		Amount
Ending balance at December 31, 2021	$	1,330,446
Equity in results for the year ended December 31, 2021		(50,660)
Other movements in capital		(244,863)
Ending balance at December 31, 2021		1,034,923
Other movements in capital		(83,912)
Ending balance at December 31, 2022		951,011
Equity in results for the year ended December 31, 2023		59,267
Other movements in capital		(69,657)
Ending balance at December 31, 2023	$	940,621

b. Following is the detail of the Non-Controlling interest of the main subsidiaries of the Entity:

		Percentages of the non-controlling interest			Income (loss) attributable to the non-controlling interest			Accumulated non-controlling interest		
Subsidiary	Country	2023	2022	2021	2023	2022	2021	2023	2022	2021
Food Service Project, S.L. (Grupo Zena) (2)	Spain	23.23%	23.23%	23.23%	$ 55,700	$ (58,261)	$ (51,276)	$ 789,108	$ 839,700	$ 934,191
Operadora de Franquicias Alsea, S.A. de C.V. (1)	Mexico			-	- -	- -	-	-	-	
Estrella Andina, S.A.S.	Colombia	30.00%	30.00%	30.00%	4,549	7,666	851	87,912	108,825	92,447

(1) On June 28, 2021, the entity purchased shares that represent 20% of the non- controlling interest of Operadora de Franquicias Alsea, S.A.P.I. de C.V., thereby increasing its participation in that entity to 100%. The amount of the transaction was for $30,254, which is equivalent to the book value, so a goodwill is not generated.

(2) In September 2021, the Entity, Alia Capital Partners and Bain Capital Credit agreed to invest in a noncontrolling interest of 21.1% in Food Service Project, S.A. (Alsea Europa). Following this investment, Alsea holds equity of 76.8% (formerly 66.2%), while Alia Capital Partners and Bain Capital Credit will indirectly hold equity of 10.6%, and the remaining minority shareholders represent 12.7%. The Entity's outlay was 55 million euros (equal to $1,205,703), which represents 10.5% of the noncontrolling interest. Similarly, reimbursements of $92.4 million pesos were also obtained. Based on this agreement, the Entity renegotiated its PUT - CALL options in the following manner:

a) Deadline of December 31, 2026.
b) The Entity has an enforceable and optional "Call Option" as of the third year.
c) The weekly payment of a coupon (4.6% per year) payable until the date on which the "Put Option" is exercised.
d) The Entity has the possibility of settling the obligation through the exchange of shares or cash.

On February 26, 2024, a share purchase agreement was signed between Alsea S. A. B. de C. V. (Alsea) and the minority shareholders of Food Service Project SL (FSP), a subsidiary of Alsea and operator of various brands in Europe. With this agreement, Alsea acquires 23.23% of the minority stake in FSP. The terms of the purchase are disclosed in note 32 on subsequent events.

24. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to the controlling interest holders of ordinary capital by the average weighted number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit attributable to controlling interest holders of ordinary capital (after adjusting for interest on the convertible preferential shares, if any) by the average weighted ordinary shares outstanding during the year plus average weighted ordinary shares issued when converting all potentially ordinary diluted shares to ordinary shares. For the years ended December 31, 2023, 2022 and 2021, the Entity has no potentially dilutive shares, for which reason diluted earnings per share is equal to basic earnings per share.

The following table contains data on income and shares used in calculating basic and diluted earnings per share:

		2023		2022		2021
Net profit (in thousands of Mexican pesos):						
Attributable to shareholders	$	2,982,351	$	1,737,928	$	734,185
Shares (in thousands of shares):						
Weighted average of shares outstanding		814,268		838,579		838,579
Basic and diluted net income per share of continuous and discontinued operations (cents per share)	$	3.66	$	2.07	$	0.88
Basic and diluted net income per share of continuous operations (cents per share)	$	3.66	$	2.07	$	0.88

25. Revenues

		2023		2022		2021
Revenues from the sale of goods	$	73,519,878	$	66,865,480	$	52,009,161
Services*		1,963,468		1,240,480		796,408
Royalties		747,702		725,345		573,900
Total	$	76,231,048	$	68,831,305	$	53,379,469

* Includes merchandise revenue through digital platforms.

26. Cost of sales

The costs and expenses included in other operating costs and expenses in the consolidated statements of income are as follows:

		2023		2022		2021
Food and beverage of costs	$	22,452,021	$	20,379,321	$	14,985,941
Royalties of costs		153,156		138,774		121,368
Other costs		496,354		442,544		483,965
Total	$	23,101,531	$	20,960,639	$	15,591,274

27. Other operating expenses

Other operating expenses included in the consolidated statements of income are as follows:

		2023		2022		2021
Commission aggregators	$	1,035,010	$	882,896	$	566,550
Fees		353,441		224,867		196,234
Insurance		729,381		839,412		164,654
Taxes and rights		1,164,328		981,045		(111,140)
Occupancy expenses		54,557		156,472		59,589
Distribution		131,794		226,594		109,363
Other expenses		1,913,877		1,763,559		1,624,167
Total	$	5,382,388	$	5,074,845	$	2,609,417

28. Balances and transactions with related parties

Officer compensations and benefits

The total amount of compensation paid by the Entity to its directors and principal officers for the fiscal year ended December 31, 2023, 2022 and 2021 was approximately $277,702, $160,217, $127,716, respectively.

This amount includes emoluments determined by the General Assembly of Shareholders of the Entity for the performance of their positions during said year, as well as salaries and salaries.

The Entity continually reviews salaries, bonuses and other compensation plans in order to offer its employees competitive compensation conditions.

29. Financial information by segments

The Entity is organized into three large operating divisions comprised of sales of food and beverages in Mexico and South America (LATAM - Argentina, Chile, Colombia and Uruguay) and Europe (Spain, Portugal, France, Netherlands, Belgic and Luxemburg) all headed by the same management.

The accounting policies of the segments are the same as those of the Entity's described in Note 3.
The Food and Beverages segments in which Alsea in Mexico, Europe and Latin America (LATAM) participates are as follows:

Fast Food: This segment has the following features: i) fixed and restricted menus, ii) food for immediate consumption, iii) strict control over individual portions of each ingredient and finished product, and iv) Individual packages, among others. This type of segment can be easily accessed and therefore penetration is feasible at any location.

Coffee (Coffee Shops): Specialized shops where coffee is the main item on the menu. The distinguishing aspects are top quality services and competitive prices, and the image/ambiance is aimed at attracting all types of customers.

Casual Dining: This segment comprises service restaurants where orders are taken from customers and there are also to-go and home delivery services. The image/ambiance of these restaurants is aimed at attracting all types of customers. This segment covers fast food and gourmet restaurants.

The main features of casual dining stores are i) easy access, ii) informal dress code, iii) casual atmosphere, iv) modern ambiance, v) simple decor, vi) top quality services, and vii) reasonable prices. Alcoholic beverages are usually sold at those establishments.

Restaurant - cafeteria - (Vips): Is a familiar-type segment and its main characteristic is the hospitality, and be close to the client. These restaurants have a wide variety of menus.

Fast Casual Dining: This is a combination of the fast food and casual dining segments.

The definition of the operating segments is based on the financial information provided by General Management and it is reported on the same basis as those used internally by each operating segment. Likewise, the performance evaluations of the operating segments are periodically reviewed.

Information on the segments for the years ended December 31, 2023, 2022 and 2021 is as follows:

Figures in millions of pesos as of December 31, division:

	Food and beverages Mexico			Food and beverages LATAM			Food and beverages Europe			Consolidated		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Income	$ 39,359	$ 33,468	$ 26,015	$ 13,906	$ 13,388	$ 8,950	$ 22,966	$ 21,975	$ 18,414	$ 76,231	$ 68,831	$ 53,379
Costs	13,847	12,017	9,160	4,539	4,503	3,033	6,615	5,992	4,560	25,001	22,512	16,753
Operating costs	15,624	13,427	10,634	7,238	6,887	4,173	12,153	11,935	9,508	35,015	32,249	24,315
Depreciation and amortization	4,357	3,579	3,395	931	1,002	1,157	2,901	3,121	3,627	8,189	7,702	8,179
Utility operation	5,531	4,445	2,826	1,198	996	587	1,297	927	719	8,026	6,368	4,132
Interest paid										4,751	3,940	3,508
Earned interests										(815)	(363)	(142)
Other financial expenses										(309)	237	(231)
										3,627	3,814	3,135
Participation in associates										3	-	2
Income taxes										1,361	874	315
Consolidated net income for the year										3,041	1,680	684
Noncontrolling interest										59	(59)	(51)
Majority net income	$	$	$	$	$	$	$	$	$	$ 2,982	$ 1,739	$ 735

	Food and beverages Mexico			Food and beverages LATAM			Food and beverages Europe			Consolidated		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Assets	$ 33,746	$ 28,608	$ 48,976	$ 7,968	$ 10,029	$ 7,738	$ 30,564	$ 35,755	$ 24,123	$ 72,278	$ 74,392	$ 80,837
Investment in productive assets												
Investment in associates	180	157	(745)	-	-	877	-	-	-	180	157	132
Investment in Fixed Assets and Intangible	2,644	1,892	1,425	825	962	192	1,506	1,519	825	4,975	4,373	2,442
Total assets	$ 36,570	$ 30,657	$ 49,656	$ 8,763	$ 10,991	$ 8,807	$ 32,070	$ 37,274	$ 24,948	$ 77,443	$ 78,922	$ 83,411
Total liability	$ 31,511	$ 35,742	$ 46,511	$ 5,801	$ 4,745	$ 4,682	$ 30,524	$ 29,140	$ 23,110	$ 67,836	$ 69,627	$ 74,303

30. Foreign currency position

Assets and liabilities expressed in US dollars, shown in the reporting currency at December 31, 2023, 2022 and 2021, are as follows:

	Thousands of Mexican pesos 2023	Thousands of Mexican pesos 2022	Thousands of Mexican pesos 2021
Assets	$ 5,415,419	$ 5,631,500	$ 5,566,171
Liabilities	(25,872,624)	(28,071,938)	(19,394,119)
Net monetary liability position	$ (20,457,205)	$ (22,440,438)	$ (13,827,948)

The exchange rate to the US dollar at December 31, 2023, 2022 and 2021 was $16.9190, $19.47 and $20.51, respectively. At April 10, 2023, date of issuance of the consolidated financial statements, the exchange rate was $18.0892 to the US dollar.

The exchange rates used in the different conversions to the reporting currency at December 31, 2023, 2022 and 2021 and at the date of issuance of these consolidated financial statements are shown below:

Country of origin 2023	Currency	Closing exchange raye	Issuance April 10, 2023
Argentina	Argentinian peso (ARP)	0.0209	0.0012
Chile	Chilean peso (CLP)	0.0191	0.0010
Colombia	Colombian peso (COP)	0.0044	0.2600
Spain	Euro (EUR)	18.6869	17.9137

Country of origin 2023	Currency	Closing exchange raye	Issuance April 10, 2023
Argentina	Argentinian peso (ARP)	0.1099	0.08202
Chile	Chilean peso (CLP)	0.0227	0.0225
Colombia	Colombian peso (COP)	0.0040	0.0039
Spain	Euro (EUR)	20.7810	19.9975

Country of origin 2021	Currency	Closing exchange raye
Argentina	Argentinian peso (ARP)	0.1997
Chile	Chilean peso (CLP)	0.0241
Colombia	Colombian peso (COP)	0.0050
Spain	Euro (EUR)	23.3264

In converting the figures, the Entity used the following exchange rates:

Foreign transaction	Country of origin	Currency Recording	Functional	Presentation
Fast Food Sudamericana, S.A.	Argentina	ARP	ARP	MXP
Starbucks Coffee Argentina, S.R.L.	Argentina	ARP	ARP	MXP
Asian Bistro Argentina, S.R.L.	Argentina	ARP	ARP	MXP
Fast Food Chile, S.A.	Chile	CLP	CLP	MXP
Asian Food Ltda,	Chile	CLP	CLP	MXP
Gastronomía Italiana en Colombia, S.A.S.	Colombia	COP	COP	MXP
Operadora Alsea en Colombia, S.A.	Colombia	COP	COP	MXP
Asian Bistro Colombia, S.A.S.	Colombia	COP	COP	MXP
Food Service Project, S.L.	Spain	EUR	EUR	MXP

31. Commitments and contingent liabilities

Commitments:

a. The Entity leases locales to house its stores and distribution centers, as well as certain equipment further to the lease agreements entered into for defined periods (see Note 19).
b) The Entity has acquired several commitments with respect to the arrangements established in the agreements for purchase of the brands.
c) In the normal course of operations, the Entity acquires commitments derived from supply agreements, which in some cases establish contractual penalties in the event of breach of such agreements.

Contingent liabilities:

a. In September 2014, the Finance Department of Mexico City determined taxable income for the company denominated Italcafé, S.A. de C.V. (Italcafé) based on amounts deposited in its bank accounts derived from different restaurants owned by Grupo Amigos de San Ángel, S.A. de C.V. (GASA), however, that these revenues were accumulated by the latter company giving it all the corresponding tax effects , that authority concluded that the observations were partially called into effect, and in January 2019, Italcafé brought an action for invalidity against the partial favourable decision, trial continues in legal process and in analysis by the Superior Chamber of the First Section of the Tax Court who shall be appointed to issue the decision

   In June 2023, the company obtained a ruling in the annulment trial favorable to its interests. The ruling declares the outright annulment of the resolution determining the tax credit, the matter is considered definitively resolved.

   In March 2019, the Tax Administration Service (SAT) determined tax liabilities for GASA and Italcafé derived from the review performed for 2010 and 2011, respectively, with regard to the deposits made in their bank accounts. Accordingly, the companies filed a motion for reconsideration and, in August and November 2019, filed a proceeding for annulment against the rulings issued in the motions for reconsideration. The trial continues in its legal process.

   Please note that the former owners of GASA and Italcafé will assume the economic effects derived from the aforementioned tax liability due to the terms and conditions established in the agreements executed by Alsea with these vendors.

   The tax authorities conducted an inspection of Alsea and its subsidiary, Operadora Alsea de Restaurantes Mexicanos, S.A., de C.V. (OARM) for 2014, which primarily focused on tax aspects related to the transactions performed to acquire the Vips division from Wal-Mart de México, S.A.B. de C.V. that year.

   The tax authorities issued payment requests, the most significant of which requests the payment of taxes for alleged income derived from the acquisition of goods from ALSEA for the total amount of $3,881 million pesos, including restatement.

   Alsea and its external lawyers consider that there is sufficient evidence to demonstrate that the assessments made by the tax authorities are inadmissible and to demonstrate that Alsea has complied in a timely manner with its tax obligations with respect to the aforementioned sale transaction; 15 June 2022, the Specialised Chamber for Exclusive Resolution on the Merits admitted the application for annulment under file number 57/22-ERF-01-7 and granted the outright suspension of the execution of the contested resolutions, including the order to unblock the company's bank accounts due to the seizure carried out by the collecting authority. Subsequently, the defendant authorities replied to the complaint and expanded the questionnaire of the expert evidence on valuation offered by the company. This expert evidence is duly integrated since the experts of the parties rendered their opinions and the respective extensions.

   The Superior Chamber exercised the power of attraction to resolve the trial, the hearings to settle the litigation have been carried out. The matter is currently pending.

   The accounting framework under which the transaction was recorded was in accordance with IFRS and in particular in International Financial Reporting Standards 10 (IFRS 10) Consolidated Financial Statements, which establish that, in a business combination, the capital gain that is part of the carrying amount of an investment of a subsidiary is not recognized separately, that is, the goodwill generated by the acquisition of Vips must be presented in conjunction with the equity investment in OARM's individual financial statements, as it does not meet the definition of a separate asset in the individual financial statements.

   In Alsea's separate financial statements, the acquisition of the VIPS Mark relates solely to the acquisition of the intellectual property of the VIPS Mark.

   Alsea applied the accounting or purchase method mentioned in IFRS 3, Business combination, which is only applicable in the consolidated financial statements of the acquiring entity, in the application of this method the assets and liabilities that are acquired in the purchase of the business including the identified intangible assets of the acquired entity were recognized, The assets and liabilities under the above terms are compared with the consideration paid and the difference between these values is recorded at the consolidated level as a capital gain.

   Purchase accounting as mentioned above, is a special accounting, relative adjustments are recognized only in the consolidated financial statements, they are not recognized in the financial statements of the acquired company, nor in the separate financial statements of the acquirer.

   As of December 31, 2023, the company has several active labor lawsuits with a total contingency of $776,452. According to the confirmation of their lawyers, there is a possibility that the resolution will be complicated and 60% of them may be lost.

   While the company is advised by its attorneys and maintains a strategy for care and its resolution in the short term, it has recorded a provision of $481,094 to cover any future disbursements related to them.

   The provision is reflected in the accrued expenses and employee benefits section of the statement of financial position.

32. Subsequent events

On February 26, 2024, a share purchase agreement was signed between Alsea SAB de CV (Alsea) and the minority partners of Food Service Project SL (FSP), a subsidiary of Alsea and operator of various brands in Europe.

With this agreement, Alsea acquires 23.23% of the minority interest in the capital of FSP under the following terms:

Acquired minority	Acquired stake	Thousands of euros
Britania Investments S.A.R.L. (1)	10.53%	99,243
Familia Arango (2)	5.13%	50,000
ProA Capital Iberian Buyout Fund II, F.C.R (1)	2.57%	25,000
Carrot River Holding, S.A.R.L. (3)	5.00%	70,000
TOTAL	23.23%	244,243

(1) Payable in cash on the date of the transaction
(2) Payable on December 31, 2024 with interest at 2.5% annual interest
(3) Payable $30 million Euros on the date of the operation and $40 million Euros on February 28, 2025 with interest at 2.5% annual interest.

To settle the operation, a syndicated loan has been contracted between BBVA and Santander for $3,317 million with a maturity period of 3 years, an interest rate of TIIE 28 days with a spread of 140 bps and a grace period of 1 year for amortization of capital.

This agreement has replaced the original agreements where there was a purchase option with a maximum execution of December 31, 2025 for Britania Investments, ProA Capital and Carrot River and December 31, 2026 for the Arango Family. The asset and liability shown in the financial statement as Long-term noncontrolling interest put option, as well as the security deposit of Carrot River Holding, S.A.R.L., will be canceled and the effects of the acquisition together with the share premium paid by That capital will be shown within the assets.

33. Authorization of consolidated financial statement

The consolidated financial statements were authorized for issuance on April 10, 2024, by Mr. Rafael Contreras Grosskelwing, Director of Administration and Finance, consequently they do not reflect the events that occurred after that date, and are subject to the approval of the audit committee and the ordinary shareholders' meeting of the Entity, who can decide to modify it in accordance with the provisions of the General Law of Commercial Companies.

information FOR *investors*

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