Financial data

ALSEA, S.A.B de C.V.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020, AND INDEPENDENT AUDITORS' REPORT DATED APRIL 26, 2023

Alsea, S.A.B. de C.V.
April 26, 2023

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ANNUAL CORPORATE PRACTICES COMMITTEE REPORT

TO THE BOARD OF DIRECTORS OF ALSEA, S.A.B. DE C.V.:

Mexico City on February 28, 2023.

In compliance with Article 42 and 43 of the Mexican Securities Market Law, and on behalf of the Corporate Practices Committee, I hereby submit to you my report on the main activities we carried out during the year that ended on December 31, 2022. In the development of our work, we have taken 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 officers 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 III, paragraph f) 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 2022 Bursatility Plan were presented.
3. We were presented with the Shareholder Cost restatement applicable at the end of each quarter of 2022, using the methodology authorized by the Board of Directors.
4. We received a quarterly summary of the risk management operations through "Exchange rate forwards" (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. We reviewed, with Management, the bank financing strategy, the corresponding long-term credit coverage, as well as compliance with the Covenants.
6. We were presented with the 2022 Budget draft, for which we requested several modifications to be presented to the Board.
7. During the period covered by 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 2022 was presented.
10. We supervised the Compensation plan for the relevant executives referred to in article 28, section III, paragraph d) of the 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 of the 2022 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 2022 Compensation Strategy for the executive levels. This Committee recommended to the Board of Directors the approval of this strategy.
14. The General Management informed us about the adjustments to be made to the company's organizational structure.
15. At each and every meeting of the Board of Directors, a report on the activities of 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.

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 directors, without there being a difference of opinion to highlight.

Corporate Practices Committee
León Kraig Eskenazi
Chairman

AUDIT COMMITTEE'S ANNUAL REPORT

FOR THE BOARD OF DIRECTORS OF ALSEA, S.A.B. DE C.V.:

Mexico City on February 28, 2023.

In compliance with the provisions of Articles 42 and 43 of the Securities Market Law and the Audit Committee's Regulations, I hereby inform you of the activities we carried out during the year that ended on December 31, 2022. In the development of our work, we have kept in mind the recommendations established in the Code of Best Corporate Governance Practices, and in accordance with 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

We reviewed, with Management and the External and Internal Auditors, the critical risk factors that may affect the Company's operations, determining that they have been appropriately identified and managed.

II. INTERNAL CONTROL

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

III. EXTERNAL AUDIT

We recommended, to the Board of Directors, the engagement of the external auditors of the Group and subsidiaries for tax year 2022. To this end, we ensured their independence and compliance with the requirements established by law. We analysed, with them, their approach and work program.

We maintained constant and direct communication with them in order to know the progress of their work, any observations they had and to take note of the comments on their review of the annual financial statements. We were informed in a timely manner of their conclusions and reports on the annual financial statements, including the communication referred to in article 35 of the General Provisions applicable to entities and issuers supervised by the National Banking and Securities Commission that contract external auditing services for basic financial statements ("Single Circular of External Auditors") and we monitored the implementation of the observations and recommendations they developed in the course of their work. We reviewed the reports issued by the External Auditors referred to in the Single Circular of External Auditors.

We authorized the fees paid to the external auditors for audit services and other permitted additional or complementary services, ensuring that they did not interfere with their independence from the company. Taking into account the Management's views, we conducted the evaluation of the services for the previous year, and began the evaluation process for tax year 2022.

IV. INTERNAL AUDIT

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

In a timely manner, we reviewed and approved its annual program of activities. To prepare it, Internal Audit participated in the risk identification process, the establishment of controls and their verification.

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

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

We received and analyzed the annual report on transactions with related parties, in order to verify that they were carried out in accordance with existing policies and at market values. For such purposes, opinions were requested and the corresponding evaluations were made.

In accordance with Best Corporate Practices, we asked a third party to evaluate the internal audit function. During 2022 and 2023, the recommendations of the respective report will be implemented.

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

We reviewed, with the responsible persons, the process of preparation of the Company's quarterly and annual financial statements and recommended their approval and authorization to the Board of Directors for publication. As part of this process, we took into account the opinion and observations of the external auditors and made sure that the criteria, accounting and information policies used by Management to prepare the financial information are adequate and sufficient and have been applied consistently with the previous tax year. Accordingly, the information presented by Management fairly reflects the financial position, results of operations, cash flows and changes in financial position of the Company for the year that ended on December 31, 2022.

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

We confirmed, together with the External Auditor and Management, that the migration of the ERP platform to the "Cloud" environment was carried out properly, maintaining the integrity of the records and the controls that guarantee the validity of the resulting financial information.

Likewise, we have observed the evolution of the business and the gradual return of consumption, which has strengthened the performance of the entity and, together with the auditor, we confirmed the reduction of risks on ongoing business, the early termination of debt settlements and the increase in the impairment of fixed asset investments held by the group.

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 various legal provisions to which it is subject, making sure that they were adequately disclosed in the financial information.

We periodically reviewed the various tax, legal and labor contingencies existing in the company; we monitored 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 monitored on in a timely manner during this tax year:

a) In 2014, the Secretary of Finance of Mexico City determined for the company Italcafé S.A. de C.V. (Italcafe), in relation to 2010, taxable income in respect of 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), notwithstanding the fact that such income was accrued by the latter company, giving it all the corresponding tax effects. On November 28, 2018, the Tax Attorney General's Office of Mexico City, issued a partial favorable resolution of the Revocation Resource against the determination issued by the Secretariat of Finance and requested for the supervening evidence provided to be considered and a new resolution to be issued. In January 2019, the Company filed the corresponding means of defense against the resolution issued by the Tax Attorney General's Office of Mexico City. The case is in process.

b) In March 2016, the Tax Administration Service (SAT) initiated domiciliary visits to Grupo Amigos de San Ángel, S.A. de C.V. (GASA), and Italcafe S.A. de C.V. (Italcafe), for tax 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 in order to clarify and refute these observations. In addition, a request for a Conclusive Agreement was filed with the Attorney General's Office for Taxpayer's Protection (PRODECON). The instances in PRODECON were resolved in January 2019, without reaching a consensus with the SAT, so finally the companies filed the means of defense at the court in the month of August 2019 for GASA and in November in the case of ITALCAFE. The case is in process.

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

During tax year 2018, various information was filed, requested by the tax authorities, who then 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, as well as a request for a conclusive agreement with PRODECON. On July 30, 2019, PRODECON terminated the conclusive agreement procedure as there was no consensus with the SAT. As a result, in February 2021, the SAT issued an official notice for the tax credit payment of $99.9 million pesos. On March 23, 2021, the Company filed an appeal for Revocation of the tax assessment of the tax authorities.

On June 14, 2022, OARM filed a claim for annulment of an exclusive substantive resolution before the Federal Court of Administrative Justice against the resolution issued on April 27, 2022 by the Large Taxpayer Litigation Administration "1", through which the appeal for revocation filed by OARM was resolved in order to confirm the diverse resolution issued by the Central Administration for tax control of business Groups. The case is currently in process.

d) In the case of Alsea, S.A.B. de C.V. (ALSEA), the SAT initiated, in December 2017, a review process and, in December 2018, issued an official notice of observations in which it considers some objections regarding the acquisition of the VIPS brand. For such purpose, it submitted additional information to refute the objections made, as well as 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 SAT. As a result, in February 2021, the SAT issued an official notice for the tax credit payment of $3,781 million pesos. On March 23, 2021, the Company filed an appeal for Revocation of the tax assessment of the tax authorities.

In 2022, ALSEA filed a claim for annulment of an exclusive substantive resolution before the Federal Court of Administrative Justice against the resolution issued on April 27, 2022 by the Large Taxpayer Litigation Administration "1", through which the appeal for revocation filed by ALSEA was resolved in order to confirm the diverse resolution issued by the Central Administration for tax control of business Groups. The case is currently in process.

VII. CODE OF CONDUCT

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

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

VIII. ADMINISTRATIVE ASPECTS

We held regular meetings with Management to keep us informed 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 deemed it appropriate, we requested the support and opinion of independent experts. Likewise, we were not aware of any significant non-compliance with operating policies, internal control systems and accounting policies.

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

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

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

Sincerely
P. A. Alfredo Sanchez Torrado
Chairman of the Audit Committee

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, 2022, 2021 and 2020, 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, 2022, 2021 and 2020, 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:

The application of internal control and substantive tests, 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 4p to the consolidated financial statements, the Entity has recorded an amount of $140,703, $184,430 and $220,000 (thousands of Mexican pesos) for impairment as of December 31, 2022, 2021 and 2020, respectively.

SYSTEM MIGRATION

The Entity migrated the Mexico operation from its Oracle EBS system to Oracle Fusion. This migration required a process of preparation, implementation, testing and control of key figures to ensure that balances and transactions have been fully transferred from one system to another.

Our procedures consisted of: i) involvement of our Technology specialists who reviewed the general controls of the computer, ii) the specialist team also reviewed the segregation of duties and user profiles, iii) we checked that the balances migrated from the Oracle EBS system to Oracle Fusion have been fully loaded.

The results to procedures performed were reasonable.

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 31.

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 26, 2023

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At December 31, 2022, 2021 and 2020

(FIGURES IN THOUSANDS OF MEXICAN PESOS)

ASSETS	NOTES	2022	2021	2020
Current assets:				
Cash and cash equivalents	5	$ 6,086,817	$ 6,893,433	$ 3,932,409
Customers, net	6	1,247,211	1,070,153	890,484
Value-added tax and other recoverable taxes		442,152	355,293	1,274,055
Other accounts receivable		578,533	448,110	487,524
Inventories	7	2,895,326	2,009,258	1,617,570
Non-current assets classified as held for sale		14,188	-	-
Advance payments	8	870,514	641,421	328,034
Total current assets		12,134,741	11,417,668	8,530,076
Long-term assets:				
Guarantee deposits		670,190	877,016	1,789,833
Put option on non-controlling interest		180,816	-	-
Carrot River Holding, S. A. R. L.		207,810	233,264	242,767
Investment in shares of associated companies	14	156,903	131,867	90,110
Store equipment, leasehold improvements and property, net	11	15,369,639	15,277,931	15,879,778
Right of use assets	9	20,435,725	22,274,256	23,423,275
Intangible assets, net	12	26,664,038	27,796,564	28,816,687
Deferred income taxes	19	2,637,415	4,968,996	4,665,412
Total long-term assets		66,322,536	71,559,894	74,907,862
Total assets		$ 78,457,277	$ 82,977,562	$ 83,437,938

LIABILITIES AND STOCKHOLDERS' EQUITY	NOTES	2022	2021	2020
Current liabilities:				
Current maturities of long-term debt	17	$ 1,277,638	$ 1,638,000	$ 24,233,053
Current obligation under finance leases	10	4,103,865	4,415,950	4,207,633
Debt instruments	18	-	1,000,000	7,979,149
Suppliers		4,252,803	2,971,439	2,949,829
Factoring of suppliers		1,375,794	1,007,798	654,115
Accounts payable to creditors		4,861,118	4,446,604	2,834,150
Accrued expenses and direct employee benefits		5,667,413	3,854,182	3,658,063
Option to sell the non-controlling interest		-	-	2,701,407
Total current liabilities		21,538,631	19,333,973	49,217,399
LONG-TERM LIABILITIES:				
Long-term debt, not including current maturities	16	3,762,760	12,012,739	-
Obligation under finance leases	10	17,720,573	19,347,324	21,092,417
Debt instruments	17	22,748,440	17,078,340	-
Option to sell the non-controlling interest	18	1,123,439	1,272,474	-
Other liabilities		897,384	894,135	265,050
Derivative financial instruments		691,056	305,968	621,117
Deferred income taxes	19	826,746	3,710,272	4,364,054
Employee benefits	21	318,586	348,250	244,056
Total long-term liabilities		48,088,984	54,969,502	26,586,694
Total liabilities		69,627,615	74,303,475	75,804,093
STOCKHOLDERS' EQUITY:	22			
Capital stock		478,749	478,749	478,749
Share premium issuance		8,675,410	8,676,827	8,676,827
Retained earnings		312,115	(1,054,274)	(683,700)
Reserve for repurchase of shares		272,330	660,000	660,000
Reserve for obligation under put option of non-controlling interest	19 and 24	(808,098)	(808,098)	(2,013,801)
Other comprehensive income items		(1,051,855)	(314,040)	(814,676)
Stockholders' equity attributable to the controlling interest		7,878,651	7,639,164	6,303,399
Non-controlling interest	23	951,011	1,034,923	1,330,446
Total stockholders' equity		8,829,662	8,674,087	7,633,845
Total liabilities and stockholders' equity		$ 78,457,277	$ 82,977,562	$ 83,437,938

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, 2022, 2021 and 2020

(FIGURES IN THOUSANDS OF MEXICAN PESOS)

	NOTES		2022		2021		2020
Continuing operations							
Net sales	25	$	68,831,305	$	53,379,469	$	38,495,420
Cost of sales	26		20,960,639		15,591,274		11,454,884
Cost of distribution			1,551,410		1,161,787		1,034,682
Depreciation and amortization	9, 11 and 12		7,701,750		8,178,329		8,435,190
Employee benefits			17,203,057		13,759,593		12,003,552
Services			2,958,683		2,414,136		1,951,278
Advertising			1,970,376		1,719,398		1,398,352
Royalties			2,356,674		1,685,022		1,124,108
Repair and maintenance			1,368,225		1,090,474		843,613
Supplies			226,594		109,363		521,046
Distribution			1,317,365		1,037,100		756,147
Other operating expenses	27		4,848,251		2,500,054		490,077
Operating income (loss)			6,368,281		4,132,939		(1,517,509)
Comprehensive financing result:							
Interest income			(362,643)		(141,707)		(118,987)
Interest expenses			3,940,429		3,508,158		3,225,511
Changes in the fair value of financial instruments	19		225,534		(120,340)		456,548
Exchange loss (gain), net			11,152		(110,747)		11,318
			3,814,472		3,135,364		3,574,390
Equity in results of associated companies	14		(223)		1,840		(2,647)
Income (loss) before income taxes			2,553,586		999,415		(5,094,546)
Income tax (benefit)	20		905,857		214,946		(1,199,088)
Consolidated net income (loss) from continuing operations		$	1,647,729	$	784,469	$	(3,895,458)
Net income (loss) for the year attributable to:							
Controlling interest			1,706,389		835,129		(3,235,574)
Non-controlling interest		$	(58,660)	$	(50,660)	$	(659,884)
Earnings per share:							
Basic and diluted net earnings per share from continuing operations (cents per share)	24	$	2.03	$	1.00	$	(3.86)

	NOTES		2022		2021		2020
Consolidated net income (loss)		$	1,647,729	$	784,469	$	(3,895,458)
Items that may be reclassified subsequently to income:							
Valuation of derivative financial instruments, net of income taxes			74,942		41,560		(202,333)
Remeasurement of defined benefit obligation, net of income taxes			(16,715)		3,044		21,894
Inflation effect, net of income taxes			(48,593)		620,457		263,736
Cumulative translation adjustment, net of income taxes			(747,449)		(164,425)		(131,277)
			(737,815)		500,636		(47,980)
Total comprehensive income (loss), net of income taxes		$	909,914	$	1,285,105	$	(3,943,438)
Comprehensive income (loss) for the year attributable to:							
Controlling interest		$	968,574	$	1,335,765	$	(3,283,554)
Non-controlling interest		$	(58,660)	$	(50,660)	$	(659,884)

See accompanying notes to the consolidated financial statements.

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES

ECONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2022, 2021 and 2020

(FIGURES IN THOUSANDS OF MEXICAN PESOS)

	Contributed capital			Retained earnings			Other comprehensive income items						
	Capital stock	**Premium on issuance of share**	**Reserve for repurchase of shares**	**Reserve for obligation under put option of non-controlling interest**	**Legal reserve**	**Retained 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, 2020	$ 478,749	$ 8,670,873	$ 660,000	$ (2,013,801)	$ 100,736	$ 2,451,138	$ 858,898	$ (49,971)	$ (1,489,515)	$ (86,108)	$ 9,580,999	$ 1,961,563	$ 11,542,562
Repurchase of shares (Note 23a)	-	5,954	-	-	-	-	-	-	-	-	5,954	-	5,954
Other movements (Note 24)	-	-	-	-	-	-	-	-	-	-	-	28,767	28,767
Comprehensive income	-	-	-	-	-	(3,235,574)	263,736	(202,333)	(131,277)	21,894	(3,283,554)	(659,884)	(3,943,438)
Balances at December 31, 2020	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
Other movements (Note 24)	-	-	-	1,205,703	-	(1,205,703)	-	-	-	-	-	(244,863)	(244,863)
Comprehensive income	-	-	-	-	-	835,129	620,457	41,560	(164,425)	3,044	1,335,765	(50,660)	1,285,105
Balances at December 31, 2021	478,749	8,676,827	660,000	(808,098)	100,736	(1,155,010)	1,743,091	(210,744)	(1,785,217)	(61,170)	7,639,164	1,034,923	8,674,087
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	-	-	-	-	-	1,706,389	(48,593)	74,942	(747,449)	(16,715)	968,574	(58,660)	909,914
Balances at December 31, 2022	$ 478,749	$ 8,675,410	$ 272,330	$ (808,098)	$ 100,736	$ 211,379	$ 1,694,498	$ (135,802)	$ (2,532,666)	$ (77,885)	$ 7,878,651	$ 951,011	$ 8,829,662

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, 2022, 2021 and 2020

(FIGURES IN THOUSANDS OF MEXICAN PESOS)

	NOTES	2022	2021	2020
Cash flows from operating activities:				
Consolidated net income (loss)		$ 1,647,729	$ 784,469	$ (3,895,458)
Adjustment for:				
Income taxes (benefit)		905,857	214,946	(1,199,088)
Equity in results of associated companies		223	(1,840)	2,647
Interest expense		3,940,429	3,508,158	3,225,511
Interest income		(362,643)	(141,707)	(118,987)
Disposal of store equipment, leasehold improvements and property		76,071	(111,713)	324,877
Impairment goodwill	12	140,703	184,430	220,000
Loss (gain) on sale of fixed assets		-	70,986	(178,774)
Changes in the fair value of financial instruments		225,534	(120,340)	456,548
Depreciation and amortization	9,11 and 12	7,583,840	8,178,329	8,212,474
		14,157,743	12,565,718	7,049,750
Changes in working capital:				
Customers		(348,352)	(252,500)	(125,582)
Other accounts receivable		(141,028)	36,665	(47,972)
Related parties		(14,187)	-	-
Inventories		(1,043,572)	(461,157)	162,076
Advance payments		(135,486)	576,613	(1,074,132)
Suppliers		1,933,190	265,064	622,781
Factoring of suppliers		367,996	353,683	(234,931)
Accrued expenses and employee benefits		2,438,556	1,131,299	1,251,019
Income taxes paid		(1,735,963)	(101,859)	(546,667)
Other liabilities		(465,469)	434,048	(326,440)
Employee benefits		(53,543)	108,543	61,536
Net cash flows provided by operating activities		14,959,885	14,656,117	6,791,438

	NOTES	2022	2021	2020
Cash flows from investing activities:				
Proceeds from equipment and property		-	142,796	231,320
Interest collected	11	362,643	141,707	118,987
Store equipment, leasehold improvements and property		(4,373,122)	(2,881,888)	(2,182,158)
Acquisition in investment in shares of associated companies	19	(25,259)	(39,917)	(7,286)
Acquisitions of business, net of cash acquired		-	(1,113,251)	-
Net cash flows used in investing activities		(4,035,738)	(3,750,553)	(1,839,137)
Cash flows from financing activities:				
Bank loans		209,287	179,210	10,045,269
Repayments of loans		(8,216,547)	(10,161,796)	(4,703,310)
Issuance of debt instruments	18	6,854,473	10,257,850	-
Payments for debt instruments		(1,000,000)	-	-
Interest paid		(2,991,894)	(2,457,826)	(3,225,511)
Cash received non-controlling stake		(25,252)	(244,863)	28,767
Payments for financial leasing		(5,320,062)	(5,738,455)	(4,186,643)
Sales of shares		(729,087)	-	5,954
Net cash flows used in financing activities		(11,219,082)	(8,165,880)	(2,035,474)
Net (decrease) increase in cash and cash equivalents		(294,935)	2,739,684	2,916,827
Exchange effects on value of cash		(511,681)	221,340	(1,553,189)
Cash and cash equivalents:				
At the beginning of the year		6,893,433	3,932,409	2,568,771
At the end of year		$ 6,086,817	$ 6,893,433	$ 3,932,409

See accompanying notes to the consolidated financial statements.

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022, 2021 and 2020
(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 as a variable income stock company 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 brand. In Spain, Alsea operates the brands Foster's Hollywood, Burger King, Domino's Pizza, VIPS, VIPS Smart, Starbucks, Ginos, Fridays, Ole Mole and until mid-2020 Wagamama and Cañas y Tapas, and from January and February 2020, Alsea operates the Starbucks brand in France, Netherlands, Belgium and Luxembourg.

SIGNIFICANT EVENTS

a. **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 issue.

b. **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 semi-annually and with the option of partial or full settlement from December 14, 2023.

c. **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.

d. **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.

e. **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.

f. Related implications with COVID-19 - During 2022, the Entity had no impacts related to Covid-19, the operation of the business had results higher than in the years prior to the pandemic.

g. Alsea receives liquidation letter - On February 14, 2020, Alsea informs that the Tax Administration Service (SAT by its acronym in Spanish) carried out a review of the tax aspects related to the purchase of the Vips restaurant division from Wal-Mart de México, S.A.B. de C.V. "Walmex" carried out in 2014. The SAT issued a liquidation letter in which Alsea is claimed to pay taxes for alleged income in the acquisition of Vips, for an amount of $3,881 millions. This amount includes inflation, surcharges and penalty as of the date of notification. Since March 23, 2020, Alsea filed an Administrative Appeal with the tax authorities which is under review as of the date of issuance of these consolidated financial statements.

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, 2022. Its adoption has not had a material impact on the disclosures or the amounts reported in these financial statements.

Amendments to IAS 16 - Property, Plant and Equipment - Revenue before intended use	The Group has adopted the amendments to IAS 16 *Property, Plant and Equipment* for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 *Inventories*.
	The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.
	If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.
Annual Improvements to IFRS 2018-2021	The Group has adopted the amendments included in the *Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle* for the first time in the current year. The Annual Improvements include amendments to four standards.
	IFRS 9 Financial Instruments
	The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
	IFRS 16 Leases
	The amendment removes the illustration of the reimbursement of leasehold improvements.

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 and to IFRS 2 practice statements	*Disclosure of accounting policies*
Amendments to IAS 8	*Definition of accounting estimates*
Amendments to IAS 12	*Deferred taxes related to assets and liabilities arising from a single 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 12 Deferred Taxes – Deferred taxes relating to assets and liabilities arising from a single transaction.

The amendments introduced an additional exception apart from the exemption from initial recognition. In the amendments, an entity does not apply the initial recognition exception for transactions that result in taxable and deductible temporary differences.

Depending on the applicable tax law, temporary taxable and deductible differences may occur in the initial recognition of an asset and liability in a transaction that is not a business combination and does not affect accounting or taxable profits. For example, it may occur with the recognition of a lease liability and the corresponding right-of-use asset by applying IFRS 16 Leases on the date of commencement of a lease.

Following amendments to IAS 12, an entity is required to recognise relative deferred tax assets and liabilities, whereas the recognition of any active deferred tax is subject to the recoverability criterion in IAS 12.

The IASB also added an illustrative example to IAS 12 explaining how the amendments are implemented.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. Additionally, at the beginning of the first oldest comparative period, an entity recognizes:

- An active deferred tax (to the extent taxable income is likely to be available against the deductible temporary difference) and a passive deferred tax for all taxable and temporary deductions associated with:

  - Right of use assets and lease liabilities.
  - Decommissioning, restoration and other similar liabilities and corresponding amounts recognized as part of the cost of related assets.

- The cumulative effect of the initial application of the amendments as an adjustment to the initial balance sheet of retained earnings (or some other capital component, as appropriate) at that date.

The amendments will be in force for the annual periods beginning on January 1, 2023, with the option of early application.

Management anticipates that the application of these amendments may have an impact on the Entity's consolidated financial statements in future periods.

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 for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 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 non-controlling 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 non-controlling 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, 2022, 2021 and 2020, its current liabilities exceed its current assets by $9,817,002, $41,065,673 and $8,778,557, respectively. The accompanying consolidated financial statements do not include those adjustments related to the valuation and classification of assets and liabilities, which may be necessary in the event that the Entity is unable to continue its operations.

f. Previous fiscal year reclassifications

The financial statements for the year ended December 31, 2021 and 2020 have been reclassified in certain items for the adequate presentation of distribution costs and that the information can be presented in a comparative way with that used in 2022.

As of December 31, 2021:

Concept	Figures previously reported	Reclassifications	Reclassified balance
Consolidated statements of financial position:			
Other accounts receivable[1]	$ 681,374	$ (233,264)	$ 448,110
Carrot River Holding, S. A. R. L.[1]	-	233,264	233,264
Accrued expenses and employee benefits[2]	4,160,150	(305,968)	3,854,182
Derivative financial instruments[2]	$ -	$ 305,968	$ 305,968

As of December 31, 2020:

Concept	Figures previously reported	Reclassifications	Reclassified balance
Consolidated statements of financial position:			
Other accounts receivable [1]	$ 730,291	$ (242,767)	$ 487,524
Carrot River Holding, S. A. R. L.[1]	-	242,767	242,767
Accrued expenses and employee benefits [2]	4,279,180	(621,117)	3,658,063
Instrumentos financieros derivados [2]	-	621,117	621,117

(1) It corresponds to the balance receivable with Carrot River Holding, S. A. R. L. (related party), for an amount of 10 million euros, which will be payable in the year 2026, so this has been classified in the long-term in the statement of financial position.

(2)It corresponds to the fair value of the derivative financial instruments contracted by the Entity, whose maturities correspond to years 2025 and 2026.

g. 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 recognize immediately in profit or loss.

h. 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 credit-adjusted 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 instrument-by-instrument 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 profit-taking; 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 purposes 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 forward-looking 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.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Entity has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

i. 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. Financial 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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.

o. 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 2020, the Entity has identified impairment effects on its El Portón, Starbucks Coffee, Burger King, Italianni´s y Vips brands for an amount of $220,000.

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 Changs brands for an amount of $140,703.

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.

The terms of brand rights are as follows:

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 Depending on opening dates(4)	-	2030	2030	-	-	-
Burger King	-	-	-	-	-	-	-

(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, where Domino's Pizza Spain renewed its contract in 2019. Burger King Spain is valid for 20 years.
(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.

p. 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 cash-generating 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, 2022, 2021 and 2020, the Entity recorded an amount of $140,703, $184,430 and the $220,000, 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.

q. 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, *Non-current 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 non-controlling 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-by-transaction 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.

r. 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.

s. 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.

t. Leasing

- *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.*

The 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 revalues the lease liability (and makes the respective adjustments to the related right-of-use asset) as long as:

- 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.

u. 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 51%, 51% and 50% of consolidated net income and 40%, 39% and 36% of the total consolidated assets at December 31, 2022, 2021 and 2020, 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.

v. 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 Entity evaluated the accounting impacts generated by these labor reforms and determined that the increases in the provision of vacations, vacation premiums and social security contributions were not significant as of December 31, 2022.

w. 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.

x. 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.

y. 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 20 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 20.

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 23 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, 2022, 2021 and 2020 is comprised as follows:

	2022	2021	2020
Cash	$ 3,587,600	$ 3,381,941	$ 2,614,467
Investments with original maturities of under three months	2,499,217	3,511,492	1,317,942
Total cash and cash equivalents	$ 6,086,817	$ 6,893,433	$ 3,932,409

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, 2022, 2021 and 2020, the customer balance is comprised as follows:

	2022	2021	2020
Franchises	$ 1,260,291	$ 1,089,594	$ 917,477
Other [1]	134,533	185,659	71,030
	1,394,824	1,275,253	988,507
Expected credit losses	(147,613)	(205,100)	(98,023)
	$ 1,247,211	$ 1,070,153	$ 890,484

(1) In others there are concepts such as third parties, officials and employees 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. As mentioned in Note 5g, for the determination of the estimation of doubtful accounts, the Entity performs an analysis of balances seniority per client and is assigned based on the experience an estimation percentage. This first analysis gives an indication of deterioration; subsequently, an analysis of the financial situation of all the included clients is carried out to determine which are the accounts that present an impairment according to the expected credit loss model and on these the corresponding estimate is recorded.

Following is the aging of past due but unimpaired accounts receivable:

	2022	2021	2020
15-60 days	$ 92,036	$ 115,789	$ 59,245
60-90 days	43,025	72,109	47,268
More than 90 days	205,510	273,148	171,351
Total	$ 340,571	$ 461,046	$ 277,864
Current balance	$ 1,054,254	$ 814,207	$ 710,643
Total account receivable	$ 1,394,824	$ 1,275,253	$ 988,507

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, 2022, 2021 and 2020, inventories are as follows:

	2022	2021	2020
Food and beverages	$ 2,859,697	$ 1,978,553	$ 1,599,260
Other, mainly containers and packaging[1]	38,469	33,540	21,481
Obsolescence allowance	(2,840)	(2,835)	(3,171)
Total	$ 2,895,326	$ 2,009,258	$ 1,617,570

(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:

	2022	2021	2020
Insurance and other services	$ 348,296	$ 288,855	$ 138,983
Inventories	485,489	324,260	160,271
Lease of locales	36,729	28,306	28,780
Total	$ 870,514	$ 641,421	$ 328,034

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 2022, 2021 and 2020.

Right of use assets	Amount
Cost:	
Balance at January 1, 2020	$ 25,203,345
Additions and renovations	6,535,160
Balance as of December 31, 2020	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
Depreciation:	
Balance at January 1, 2020	$ (4,010,688)
Charge for depreciation for the year	(4,304,542)
Balance as of December 31, 2020	(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)
Net cost:	
Balance as of December 31, 2020	$ 23,423,275
Balance as of December 31, 2021	$ 22,274,256
Balance as of December 31, 2022	$ 20,435,725

Amounts recognized in the consolidated statement income	2022	2021	2020
Depreciation expense of the asset for use rights	$ 4,350,755	$ 4,671,802	$ 4,304,542
Finance expense caused by lease liabilities	948,535	1,050,332	1,034,284
Expense related to leasing of low-value assets	257,686	176,314	236,516
Expense related to variable lease payments, not included in the measurement of lease liabilities	751,329	553,419	316,173
Benefits obtained from negotiations related to COVID-19	(27,970)	(840,873)	(1,596,496)

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.

	2022	2021	2020
Fixed payments	$ 5,320,062	$ 5,738,455	$ 5,344,326
Variable payments	751,329	553,419	316,173
Total lease payments	$ 6,071,391	$ 6,291,874	$ 5,660,499

In general, variable payments constitute 12%, 9% and 6% at December 31, 2022, 2021 and 2020, 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.

Considering into consideration the development of expected sales over the next 10 years, it is expected that the expense for variable leases will continue to present a similar proportion of store sales in the following years.

Due to the COVID-19 pandemic generated as of March 2020, the entity made different agreements with the tenants of the premises to achieve a decrease in the payment of rent or a grace period in those stores that had to be closed obligatorily by indications of the local authorities. In May 2020, the IASB issued an amendment to IFRS 16 called "Lease Concessions Related to Covid-19", exempting lessees from having to consider leases individually to determine whether the lease concessions to be produced as a direct consequence of the Covid-19 pandemic are modifications to those contracts, and it allows tenants to account for such concessions as if they were not modifications to the lease contracts.

10. OBLIGATION UNDER FINANCE LEASES

	2022	2021	2020
Maturity analysis:			
Year 1	$ 4,907,925	$ 5,455,183	$ 5,092,312
Year 2	4,126,190	4,918,822	4,640,483
Year 3	3,459,579	4,095,434	4,158,803
Year 4	2,857,341	3,403,711	3,320,533
Year 5	2,336,443	2,750,413	2,698,233
Later	7,551,600	7,765,454	8,768,258
	25,239,078	28,389,017	28,678,622
Less: Unearned interest	(3,414,640)	(4,625,743)	(3,378,572)
	$ 21,824,438	$ 23,763,274	$ 25,300,050

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 equipment	Computer equipment	Production equipment	Office furniture and equipment	Construction in process	Total
Balance as of 1 January 2020	$ 907,282	$ 10,476,240	$ 16,070,726	$ 280,343	$ 1,372,385	$ 990,308	$ 564,011	$ 2,171,768	$ 32,833,063
Additions	54,590	668,875	844,503	25,946	99,727	24,733	59,868	-	1,778,242
Disposals	(60,829)	(355,725)	(827,659)	(27,153)	(27,858)	(931)	(55,533)	(188,632)	(1,544,320)
Revaluation	-	233,034	349,978	1,078	15,286	-	4,980	39,398	643,754
Translation adjustments	77,554	552,760	2,002,050	22,026	84,588	-	262,901	4,869	3,006,748
Balance as of December 31, 2020	$ 978,597	$ 11,575,184	$ 18,439,598	$ 302,240	$ 1,544,128	$ 1,014,110	$ 836,227	$ 2,027,403	$ 36,717,487
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	769,814	11,820,613	18,183,662	293,258	1,567,503	1,302,203	783,143	2,728,815	37,449,011
Additions	-	932,545	1,081,186	60,131	178,452	16,106	145,812	1,440,420	3,854,651
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	-	1,294,400
Translation adjustments	(5,549)	(945,291)	(1,770,590)	(16,512)	(114,699)	(12,513)	(174,161)	(79,215)	(3,118,530)
Balance as of December 31, 2022	$ 746,319	$ 11,831,768	$ 17,793,743	$ 306,722	$ 1,604,499	$ 1,305,281	$ 739,756	$ 4,083,090	$ 38,411,178

Depreciation	Buildings	Store equipment	Leasehold improvements	Transportation equipment	Computer equipment	Production equipment	Office furniture and equipment	Construction in process	Total
Balance as of 1 January 2020	$ 116,667	$ 5,731,846	$ 8,532,482	$ 152,118	$ 947,188	$ 533,490	$ 126,471	$ -	$ 16,140,262
Additions	56,317	1,054,166	2,164,640	44,804	184,627	39,224	178,558	-	3,722,336
Disposals	(2,238)	(293,138)	(603,537)	(20,477)	(26,471)	(917)	(39,286)	-	(986,064)
Revaluation	-	163,195	289,240	1,147	13,590	-	3,903	-	471,075
Translation adjustments	46,258	413,768	802,607	10,028	63,571	-	153,868	-	1,490,100
Balance as of December 31, 2020	217,004	7,069,837	11,185,432	187,620	1,182,505	571,797	423,514	-	20,837,709
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	$ 133,840	$ 7,591,538	$ 11,879,728	$ 182,161	$ 1,256,427	$ 621,104	$ 506,282	$ -	$ 22,171,080
Additions	1,017	912,213	1,431,323	129,802	157,928	75,192	130,050	-	2,837,524
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	-	843,138
Reclasification	(133,047)	(627,455)	757,369	(87,404)	(72,105)	371,138	216,133	-	424,628
Translation adjustments	(1,809)	(583,004)	(1,446,224)	(14,421)	(92,203)	(4,875)	(119,532)	-	(2,262,069)
Balance as of December 31, 2022	$ -	$ 7,082,531	$ 12,772,060	$ 183,648	$ 1,220,266	$ 1,063,613	$ 719,421	$ -	$ 23,041,539
Net balance as of December 31, 2020	$ 761,593	$ 4,505,347	$ 7,254,166	$ 114,620	$ 361,623	$ 442,313	$ 412,713	$ 2,027,403	$ 15,879,778
Net balance as of December 31, 2021	$ 635,974	$ 4,229,075	$ 6,303,934	$ 111,097	$ 311,076	$ 681,099	$ 276,861	$ 2,728,815	$ 15,277,931
Net balance as of December 31, 2022	$ 746,319	$ 4,749,237	$ 5,021,682	$ 123,074	$ 384,233	$ 241,668	$ 20,335	$ 4,083,090	$ 15,369,639

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, 2020	$	15,002,054	$	522,569	$	1,487,947	$	1,645,491	$	-	$	12,572,861	$	31,230,922
Acquisitions		33,881		110		160,076		209,849		-		-		403,916
Adjustment for currency conversion		553,775		149,145		227,883		126,510		-		477,505		1,534,818
Disposals		(93,080)		(3,689)		(25,128)		(3,787)		-		-		(125,684)
Restatement		58,734		1,711		8,228		3,343		-		-		72,016
Balance as of December 31, 2020		15,555,364		669,846		1,859,006		1,981,406		-		13,050,366		33,115,988
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		15,172,171		638,232		1,846,454		2,019,394		-		12,775,931		32,452,182
Acquisitions		(3,617)		-		31,171		275,831		215,085		-		518,471
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		2,495		21,940		8,521		144,736		-		326,562
Balance as of December 31, 2022	$	14,100,871	$	460,407	$	1,853,490	$	2,176,867	$	285,985	$	12,016,893	$	30,894,512

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, 2020	$	1,368,912	$	438,183	$	713,281	$	1,318,384	$	-	$	16,953	$	3,855,713
Amortization		143,572		91,748		72,698		100,294		-		-		408,312
Adjustment for currency conversion		57,383		39,046		1,011		118,490		-		-		215,930
Disposals		(98,206)		(3,649)		(18,548)		(18,660)		-		-		(139,063)
Restatement		(31,819)		(1,681)		(4,603)		(3,488)		-		-		(41,591)
Balance as of December 31, 2020		1,439,842		563,647		763,839		1,515,020		-		16,953		4,299,301
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		1,475,509		604,196		916,204		1,642,756		-		16,953		4,655,618
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)
Reclasication		24,558		33,018		27,290		(509,494)		-		-		(424,628)
Restatement		79,931		3,579		15,001		13,416		-		-		111,927
Balance as of December 31, 2022	$	1,621,701	$	460,393	$	990,540	$	1,255,549	$	-	$	(97,710)	$	4,230,473
Net balance as of December 31, 2020	$	14,115,522	$	106,199	$	1,095,167	$	466,387	$	-	$	13,033,413	$	28,816,687
Net balance as of December 31, 2021	$	13,696,662	$	34,036	$	930,250	$	376,638	$	-	$	12,758,978	$	27,796,564
Net balance as of December 31, 2022	$	12,479,169	$	14	$	862,950	$	921,318	$	285,985	$	12,114,602	$	26,664,038

As of December 31, 2022, the Entity has identified impairment effects on its El Portón, Vips, Starbucks Coffee, Burger King and PF Changs brands for an amount of $140,703.

As of December 31, 2021, the entity recorded a loss in its brands El Portón, Starbucks Coffee Argentina and Burger King Argentina, for an amount of $184,430, affecting $21,534 to fixed assets and $162,896 to intangible assets.

As of December 31, 2020, derived from the COVID-19 pandemic, the entity recorded a loss in its brands El Portón, Starbucks Coffee, Burger King, Italianni's and Vips, for an amount of $220,000, affecting $58,163 to fixed assets and $161,837 to intangible assets.

13. INVESTMENT IN SUBSIDIARIES

The Entity's shareholding in the capital stock of its main subsidiaries is as follows:

Subsidiary	Activity	2022	2021	2020
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%	80.00%
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. (formerly 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%
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%
Operadora GB Sur, S.A. de C.V.	Operator of the Vips brands and Domino's Pizza in Mexico	-	-	70.90%

Subsidiary	Activity	2022	2021	2020
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%
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)	Operator of Spain	76.77%	76.77%	66.24%
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) Control 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.

14. INVESTMENT IN SHARES OF ASSOCIATED COMPANIES

At December 31, 2022, 2021 and 2020, 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		
	2022	2021	2020	Main activity	2022	2021	2020
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	$ 14,536	$ 12,691
Other investments					142,967	117,331	77,419
Total					$ 156,903	$ 131,867	$ 90,110

	(%)				Participation in results		
	2022	2021	2020	Main activity	2022	2021	2020
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	$ (1,550)
Other investments					-	-	(1,097)
Total					$ (223)	$ 1,840	$ (2,647)

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:

	2022	2021	2020
Current assets	$ 22,486	$ 17,517	$ 15,410
Non-current assets	$ 36,932	$ 40,362	$ 38,160
Current liabilities	$ 13,710	$ 9,427	$ 11,268
Income	$ 43,015	$ 39,789	$ 19,379
Net profit for the period	$ (744)	$ 6,133	$ (5,166)

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	2022	2021	2020
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 Spain	2,962,401	3,496,696	3,662,326
Ginos	1,126,546	1,171,185	1,224,095
Starbucks Spain	824,597	878,060	917,727
Fridays	5,515	5,746	6,006
British Sandwich Factory	321,740	334,498	349,609
Clover	19,976	18,966	19,823
	$ 12,114,602	$ 12,758,978	$ 13,033,413

As of December 31, 2022, 2021 and 2020, 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, 2021 and 2020 is comprised of unsecured loans, as shown below:

Bank	Type of credit	Currency	Rate	Maturity	2022	2021	2020
Santander Totta	Simple credit	Euros	Euribor + 1.50%	2026	$ -	$ 34,988	$ 36,570
BBVA Bancomer, S.A.	Bilateral	Euros	3% (Fixed rate)	2026	-	169,350	36,570
BNP CIC	Simple credit	Euros	Euribor + 2%	2025	-	349,897	365,704
BBVA Icos	Simple credit	Euros	Euribor + 2.75%	2025	-	233,265	243,801
Banco Nacional de Comercio Exterior S.N.C. (Bancomext)	Simple credit	Mexican pesos	Variable rate TIIE +1%	2025	1,280,141	1,586,163	1,668,413
Scotiabank Inverlat, S.A.	Simple credit	Mexican pesos	Variable rate TIIE +2.15%	2025	-	-	993,526
Banco de Chile	Simple credit	Chilean pesos	3.48% (Fixed rate)	2024	57,481	60,375	93,888
Sindicado	Simple credit	Mexican pesos	Variable rate TIIE +1.85%	2023	-	563,059	4,432,195
Sindicado	Simple credit	Euros	Variable rate Euribor+ 1.25%	2023	-	8,255,972	10,312,875
Sabadel Icos	Simple credit	Euros	Euribor + 2.20%	2023	-	126,165	136,773
Ibercaja Icos	Simple credit	Euros	Euribor + 1.75%	2023	-	23,327	24,380
Abanca Icos	Simple credit	Euros	Euribor + 1.75%	2023	-	46,654	48,760
Caja rural Icos	Simple credit	Euros	Euribor + 1.60%	2023	-	34,989	-
Banco Santander, S.A.	Simple credit	Mexican pesos	Variable rate TIIE +1.85%	2022	-	-	283,594
Banco Santander, S.A.	Simple credit	Euros	Euribor + 1.35%	2022	-	233,264	243,802
Clover ING	Simple credit	Euros	Euribor + 1.95%	2022	-	1,096,341	1,145,869
Bankia Icos	Simple credit	Euros	Euribor + 1.85%	2022	-	233,264	243,802
Santander Icos	Simple credit	Euros	Euribor + 2.10%	2022	-	326,569	341,323
Sindicado	Simple credit	Euros	Euribor + 3.25%	2021	-	-	2,500,000
Sumitomo	Simple credit	Mexican pesos	Euribor + 1.60%	2021	-	-	599,223
Banco Santander, S.A.	Simple credit	Mexican pesos	Variable rate TIIE +1.85%	2021	-	-	155,000
Santander Chile, S.A.	Simple credit	Chilean pesos	Variable rate TIIE +0.41%	2021	-	43,834	83,182
Banca March	Simple credit	Euros	Euribor + 1.50%	2020	-	233,263	243,801
Sindicado	Simple credit	Euros	Variable rate Euribor +2.75%	2026	3,216,729	-	-
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	-	-
					5,040,398	13,650,739	24,233,053
			Less - current portion		(1,277,638)	(1,638,000)	(24,233,053)
			Long-term debt maturities		$ 3,762,760	$ 12,012,739	$ -

Annual debt maturities at December 31, 2022 are as follows:

Year	Amount
2023	$ 1,277,638
2024	1,512,168
2025	1,420,744
2026	829,848
	$ 5,040,398

The Entity as of December 31, 2022, has lines of credit contracted for 1,700 millions mexican pesos and 59 million Euros.

Bank loans include certain affirmative and negative covenants, such as maintaining certain financial ratios. At December 31, 2022, 2021 and 2020, all such obligations have been duly met.

The declaration of the COVID-19 pandemic that emerged in 2020 had a great impact on the restaurant industry and on the Entity's operations, affecting the operation of restaurants. The foregoing had effects on income, operating results, and cash generation, mainly. As of December 31, 2020, the entity had to comply with certain covenants, as well as to maintain certain financial ratios related to bank loans, which were met at year-end. However, there are other covenants, as well as financial ratios for the twelve-month period ending December 31, 2021, from which only waivers were obtained by their bank creditors until June 30, 2021, and at year-end the Entity has no certainty they could be complied, as established by IAS 1 *Presentation of Financial Statements,* indicating the long-term debt shall be classified as current. The amount of this debt was reclassified in the short term in the consolidated statement of financial position amounting to $19,394 million, causing short-term liabilities to significantly exceed short-term assets at that date.

On April 5, 2021, the Entity formalized a new negotiation of the conditions of the credit, which establish 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 5.50% 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, 2024.

In December 2021, the Entity placed of the senior bonds with maturity in 2026 for the amount of US$ 500 million 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 instrument 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, 2022, 2021 and 2020 amounts to $22,748,440, $18,078,340 and $7,979,149, respectively.

Year maturity		Amount
2024	$	1,200,449
2025		1,000,000
2026		2,650,000
2027		17,897,991
	$	22,748,440

As of December 31, 2020, the Entity had certain obligations to do and not to do, as well as to maintain certain financial reasons derived from bank loans, which at that date were fulfilled; However, there are other obligations to do and not to do, as well as financial reasons for the twelve-month period ending December 31, 2020, of which waivers were only obtained by its bank creditors until June 30, 2020, and at the date of the reporting period it was not certain that they could be fully fulfilled as of December 31, 2020. December 2020, as established by IAS 1 Presentation of Financial Statements, which indicates that the liability should be classified as current. The amount of this debt as of December 31, 2020, was reclassified to the short term in the consolidated statement of financial position for an amount of Ch$7,979 million, causing short-term liabilities to significantly exceed short-term assets at that date.

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. LONG-TERM LIABILITIES, OPTION TO SELL NONCONTROLLING INTEREST

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 2022, 2021 and 2020 was 30% and will continue at 30% and thereafter. The Entity incurred ISR on a consolidated basis until 2013 with its Mexican subsidiaries. As a result of the 2014 Tax Law, the tax consolidation regime was eliminated, and the Entity and its subsidiaries have the obligation to pay the long-term income tax benefit calculated as of that date over a five-year period beginning in 2014, as illustrated below.

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 2022, 2021 and 2020, 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 2021, 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% plus solidarity and municipal surcharges (includes the solidarity surcharge of 7% on the CIT amount).

a. Income taxes recognized in income

	2022	2021	2020
Current	$ 1,183,079	$ 1,120,853	$ 465,379
Deferred	(277,222)	(905,907)	(1,664,467)
	$ 905,857	$ 214,946	$ (1,199,088)

The tax expense attributable to income before ISR differs from that arrived at by applying the 30% statutory rate in 2022, 2021 and 2020 due to the following items:

	2022	2021	2020
Statutory income tax rate	30%	30%	30%
Non-deductible expenses	9%	18%	(2%)
Effects of inflation and others	18%	37%	(3%)
Fixed asset update	(19%)	(43%)	(1%)
Lease Effects under IFRS 16	(5%)	(17%)	4%
Effect of tax loss carryforwards not capitalized	3%	(6%)	(1%)
Difference in tax rates	1%	3%	(2%)
Others	(1%)	-	(1%)
Effective consolidated income tax rate	35%	22%	24%

b. Deferred taxes in the statement of financial position

Following is an analysis of deferred tax assets shown in the consolidated statements of financial position:

	2022	2021	2020
Deferred (assets) liabilities:			
Estimation for doubtful accounts and inventory obsolescence	$ (25,239)	$ (31,692)	$ (29,897)
Liability provisions	(1,521,877)	(963,796)	(995,418)
Advances from customers	(24,563)	(20,090)	(64,507)
Unamortized tax losses	(1,368,012)	(1,312,947)	(969,854)
Store equipment, leasehold improvements and property	974,377	982,118	1,596,223
Temporally non-deductible interest	-	(88,192)	-
Advance payments	154,645	175,875	162,095
	$ (1,810,669)	$ (1,258,724)	$ (301,358)

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:

	2022	2021	2020
Deferred tax assets	$ (2,637,415)	$ (4,968,996)	$ (4,665,412)
Deferred tax liabilities	826,746	3,710,272	4,364,054
	$ (1,810,669)	$ (1,258,724)	$ (301,358)

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, 2022, are:

			DEPRECIABLE LOSSES			
Year of expiration	Mexico	Europe	Chile	Argentina	Colombia	Total
2023	6,385	$ -	$ -	$ -	$ -	6,385
2024	6,799	-	-	-	-	6,799
2025	208,868	-	-	149,591	-	358,459
2026	93,936	-	-	-	-	93,936
2027	139,963	-	-	-	-	139,963
2028	296,130	-	-	-	-	296,130
2029	140,924	-	-	-	41,485	182,409
2030	1,595,105	-	-	-	35,585	1,630,690
2031	850,513	-	-	-	29,229	879,742
2032	381,016	-	-	-	35,000	416,016
2033		-	-	-	26,041	26,041
2034		-	-	-	20,961	20,961
Losses of entities abroad without maturity	-	2,848,343	594,380	-	75,381	3,518,104
Total losses	$ 3,719,639	$ 2,848,343	$ 594,380	$ 149,591	$ 263,682	$ 7,575,635
Losses triggered for deferred	$ 1,546,057	$ 2,848,343	$ 637,107	$ -	$ 57,400	$ 5,088,908
Legal Fee	30%	25%	27%	-	35%	-
Deferred tax effect	$ 463,817	$ 712,086	$ 172,019	-	$ 20,090	$ 1,368,012

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, 2022, 2021 and 2020 is ($16,715) ($3,044) and ($21,894), respectively.

The net cost of the period for the obligations derived from the seniority premium, amounted to $55,731, $29,062 and $23,838 in 2022, 2021 and 2020, 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 2021 and 2020.

The Entity's capital structure consists of the net debt (the loans described in Note 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 23).

The 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, 2022, 2021 and 2020, 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, 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

	2022	2021	2020
Financial assets			
Cash and cash equivalents	$ 6,086,817	$ 6,893,433	$ 3,932,409
Loans and accounts receivable at amortized cost	2,047,742	1,751,527	1,620,775
Financial liabilities at amortized cost			
Suppliers	4,252,803	2,971,439	2,949,829
Factoring of suppliers	1,375,794	1,007,798	654,115
Accounts payable to creditors	4,861,118	4,446,604	2,834,150
Current maturities of long-term debt	1,277,638	1,638,000	24,233,053
Current maturities of financial lease liabilities	4,103,865	4,415,950	4,207,633
Debt instruments	-	1,000,000	7,979,149
Long-term debt, not including current maturities	3,762,760	12,012,739	-
Obligation under finance leases	17,720,573	19,347,324	21,092,417
Option to sell the non-controlling interest	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. Riesgo de mercado

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 34 shows foreign currency positions at December 31, 2022, 2021 and 2020. 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, 2022, 2021 and 2020.

Type of derivative, security or contract	Position	Objective of the hedging	Underlying / reference variable			Notional amount/ face value (thousands of USD)			Fair value (thousands of USD)		
			2022 current	2021 current	2020 previous	2022 current	2021 current	2020 previous	2022 current	2021 current	2020 previous
Forwards	Long	Economic	20.0900 USDMXN	20.9100 USDMXN	21.0200 USDMXN	-	-	78,100	$ -	$ -	$ 1,738
Options	Long	Economic	20.0900 USDMXN	20.9100 USDMXN	20.9100 USDMXN	31.200	16,675	11,200	$ (2,008)	$ 277	$ 2,697

1. Foreign currency sensitivity analysis
   As of December 31, 2022, 2021 and 2020, the Entity has hedges for the purchase of US dollars for the next 12 months for a total of $85.7, $24.5 and $89.3 million, respectively, with an average exchange rate of $20.02, $19.97 and $21.69 per US dollar, respectively, the valuation is made with an average exchange rate of $20.11, $20.47 and $19.94, per US dollar, respectively, for the following 12 months starting from December 31, 2022, 2021 and 2020.

   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, 2022, 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, 2022.

   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, 2022, 2021 and 2020, a total of 402, 396 and 539 derivative financial instrument operations (forwards and options) were carried out, respectively, for a total of 96.5, 127.7 and 240.3 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 3% 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, 2022, 2021 and 2020, Alsea has contracted DFI's to purchase US dollars in the next twelve months for a total of approximately 85, 24 and 89 million USD, at the average exchange rate of $20.02, $19.97 and $20.69 pesos to the dollar, respectively.

   At December 31, 2022, 2021 and 2020, 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, 2021, the Entity has a total debt of $27.788 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 6% is fixed at a weighted rate of 8.73%, and 3% 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, 2022, 2021 and 2020.

Type of derivative, security or contract	Position	Objective of the hedging	Underlying / reference variable 2022 current	2021 current	2020 previous	Notional amount/ face value (thousands of USD) 2022 current	2021 current	2020 previous	Fair value (thousands of USD) 2022 current	2021 current	2020 previous
IRS Plain Vanilla	Long	Coverage	10.76 % - TIIE 28 d	5.7150% - TIIE 28 d	6.7376% - TIIE 28 d	502,775	195,684	208,817	$ 21,090	$ 14,675	$ (1,302)
IRS Plain Vanilla	Long	Economic	10.76 % - TIIE 28 d	5.7150% - TIIE 28 d	6.7376% - TIIE 28 d	-	63,732	87,032	$ -	$ (238)	$ (906)
Capped IRS	Long	Economic	10.76 % - TIIE 28 d	5.7150% - TIIE 28 d	6.7376% - TIIE 28 d	364,277	61,173	65,211	$ (12,395)	$ 277	$ (766)

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, 2022:

Instrument	Rate	Notional (Miles USD)	Notional (Miles MXP)	Closing date	Expiring date
Coupon Only	TIIE+85bps	214,465	4,446,770	10.ene.22	14.dic.23
Call Spread	2.397 %	257,358	6,176,606	05.ene.22	08.dic.26
Principal Only Swap	5.922 %	171,512	3,557,416	10.ene.22	14.dic.26
Cap Option	0.525 %	84,401	1,750,000	15.feb.22	14.dic.23

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, 2022 close, the increase in financial costs is of approximately $114.9 million.

   - A 150 bps increase in the 28-day TIIE rate represents an increase in the financial cost of approximately $87.2 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 $57.5 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, 2022 and 2021, the Entity has incurred in 53 and 13 margin calls just in 2022 and 2021, respectively.

At December 31, 2022, 2021 and 2020, 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, 2022, 2021 and 2020, that risk amounts to $2,195,355, $1,956,627 ande $1,718,798, 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, 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%	3,865	3,503,867	2,980,936	2,493,175	8,743,595	17,725,438
Derivates		260,745	4,606	4,424	430,129	-	699,904
Suppliers		4,252,803	-	-	-	-	4,252,803
Factoring of suppliers (1)		1,375,794	-	-	-	-	1,375,794
Sale of non-controlling interest		-	1,123,439	-	-	-	1,123,439
Total		$ 7,170,845	$ 7,344,529	$ 5,406,104	$ 6,403,152	$ 26,641,586	$ 52,966,216

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		73,176	2,121	223,702	6,969	-	305,968
Suppliers		2,971,439	-	-	-	-	2,971,439
Factoring of suppliers (1)		1,007,798	-	-	-	-	1,007,798
Sale of non-controlling interest		-	-	1,272,474	-	-	1,272,474
Total		$ 11,106,363	$ 7,218,578	$ 9,330,389	$ 6,736,339	$ 26,658,363	$ 61,050,032

As of December 31, 2020	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%	$	24,233,053	$	-	$	-	$	-	$	-	$	24,233,053
Debt instruments	8.13%		7,979,149		-		-		-		-		7,979,149
Financial leasing	4.00%		4,207,744		3,946,443		3,638,393		2,936,185		10,571,285		25,300,050
Derivatives			97,475		44,759		162,738		273,862		42,283		621,117
Suppliers			2,949,829		-		-		-		-		2,949,829
Factoring of suppliers (1)			654,115		-		-		-		-		654,115
sale of non-controlling interest			2,701,407		-		-		-		-		2,701,407
Total		$	42,822,772	$	3,991,202	$	3,801,131	$	3,210,047	$	10,613,568	$	64,438,720

(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

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 2022		2021		2020	Fair value hierarchy
1) Forwards and currency options agreements	$	(38,978)	$	-	$	(34,637)	Nivel 2
Valuation technique(s) and main input data	Plain vanilla forwards are calculated based on discounted cash flows on forward exchange type bases. The main input data are the Spot, the risk-free 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.						
2) Interest rate swaps	$	409,945	$	276	$	(53,771)	Nivel 2
Valuation technique(s) and main input data	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, 2022, 2021 and 2020, 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:

	2022		2021		2020	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities						
Financial liabilities maintained at amortized cost:						
Suppliers	$ 4,252,803	$ 4,252,803	$ 2,971,439	$ 2,971,439	$ 2,949,829	$ 2,949,829
Factoring of suppliers	1,375,794	1,375,794	1,007,798	1,007,798	654,115	654,115
Bank loans	1,277,638	1,620,976	1,638,000	1,899,197	24,233,053	25,796,432
Obligation under finance leases	4,103,865	4,103,865	4,415,950	4,415,950	4,207,633	4,207,633
Long-term bank loans	3,762,760	4,160,393	12,012,739	13,338,888	-	-
Non-current financial lease liabilities	17,720,573	17,720,573	19,347,324	19,347,324	21,092,417	21,092,417
Debt instruments	22,748,440	22,211,789	18,078,340	18,504,850	7,979,149	8,442,256
Total	$ 55,241,873	$ 55,446,193	$ 59,471,590	$ 61,485,446	$ 61,116,196	$ 63,142,682

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
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

Financial liabilities 2020	Level 2
Financial liabilities maintained at amortized cost:	
Current maturities of long-term debt	$ 24,233,053
Current obligation under finance leases	4,207,633
Obligation under finance leases	21,092,417
Debt instruments	7,979,149
Total	$ 57,512,252

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, 2020	838,578,725	$ 478,749	8,676,827
Placement of actions	-	-	-
Figures as of December 31, 2021	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

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 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, 2022, 2021 and 2020, the legal reserve amounted to $100,736, which amount does not reach 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, 2019	$	1,961,563
Equity in results for the year ended December 31, 2020		(659,884)
Other movements in capital		28,767
Ending balance at December 31, 2020		1,330,446
Equity in results for the year ended December 31, 2020		(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

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	2022	2021	2020	2022	2021	2020	2022	2021	2020
Food Service Project, S.L. (Grupo Zena)[2]	Spain	23.23%	23.23%	33.76%	$ (58,261)	$ (51,276)	$ (617,817)	$ 839,700	$ 934,191	$ 1,179,805
Operadora de Franquicias Alsea, S.A. de C.V.[1]	Mexico	-	-	20.00%	-	-	(35,908)	-	-	30,340
Estrella Andina, S.A.S.	Colombia	30.00%	30.00%	30.00%	7,666	851	(10,757)	108,825	92,447	47,804

(1) 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%. 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.

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, 2022, 2021 and 2020, 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:

	2022	2021	2020
Net profit (in thousands of Mexican pesos):			
Attributable to shareholders	$ 1,706,389	$ 835,129	$ (3,235,574)
Shares (in thousands of shares):			
Weighted average of shares outstanding	838,579	838,579	838,579
Basic and diluted net income per share of continuous and discontinued operations (cents per share)	$ 2.03	$ 1.00	$ (3.86)
Basic and diluted net income per share of continuous operations (cents per share)	$ 2.03	$ 1.00	$ (3.86)

25. REVENUES

	2022	2021	2020
Revenues from the sale of goods	$ 66,865,480	$ 52,009,161	$ 37,403,800
Services	1,240,480	804,878	676,154
Royalties	725,345	565,430	415,466
Total	$ 68,831,305	$ 53,379,469	$ 38,495,420

For the year ended December 31, 2021, operating income increased 28% compared to the year ended December 31, 2020, primarily driven by the effects of the COVID-19 pandemic.

26. COST OF SALES

The costs and expenses included in other operating costs and expenses in the consolidated statements of income are as follows:

	2022	2021	2020
Food and beverage of costs	$ 20,379,321	$ 14,985,941	$ 10,873,059
Royalties of costs	138,774	121,368	96,524
Other costs	442,544	483,965	485,301
Total	$ 20,960,639	$ 15,591,274	$ 11,454,884

27. OTHER OPERATING EXPENSES

Other operating expenses included in the consolidated statements of income are as follows:

	2022	2021	2020
Commission aggregators	$ 882,896	$ 566,550	$ 397,682
Fees	224,867	196,234	150,325
Insurance	839,412	164,654	133,452
Taxes and rights	769,449	(549,187)	(811,614)
Occupancy expenses	156,472	59,589	25,716
Other expenses	1,975,155	2,062,214	594,516
Total	$ 4,848,251	$ 2,500,054	$ 490,077

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, 2022, 2021 and 2020 was approximately $160,217, $127,716, $137,839, 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 4.

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 bases 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, 2022, 2021 and 2020 is as follows:
(figures in millions of pesos).

Figures in millions of pesos as of December 31, division:

	Food and beverages Mexico			Food and beverages LATAM			Food and beverages Europe			Consolidated		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Income	$ 33,468	$ 26,015	$ 19,067	$ 13,388	$ 8,950	$ 5,568	$ 21,975	$ 18,414	$ 13,861	$ 68,831	$ 53,379	$ 38,496
Costs	12,017	9,160	6,018	4,503	3,033	1,954	5,992	4,560	4,518	22,512	16,753	12,490
Operating costs	11,064	8,723	8,263	5,801	3,800	2,749	10,536	7,947	6,830	27,401	20,511	17,399
EBITDA store	10,387	8,132	4,786	3,084	2,117	865	5,447	5,907	2,513	18,918	16,115	8,164
Depreciation and amortization	3,579	3,395	3,616	1002	1,157	1,015	3,121	3,627	3,804	7,702	8,179	8,435
Non-operating expenses	2,363	1,911	820	1,086	373	283	1,399	1,561	143	4,848	3,804	1,246
Utility operation	4,445	2,826	350	996	587	(433)	927	719	(1,434)	6,368	4,132	(1,517)
Interest paid										3,940	3,508	3,226
Earned interests										(363)	(142)	(119)
Other financial expenses										237	(231)	468
										3,814	3,135	3,574
Participation in associates										-	2	(3)
Income taxes										906	215	(1,199)
Consolidated net income for the year										1,648	784	(3,895)
Noncontrolling interest										(59)	(51)	(659)
Majority net income										$ 1,707	$ 835	$ (3,236)

	Food and beverages Mexico			Food and beverages LATAM			Food and beverages Europe			Consolidated		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Assets	$ 28,564	$ 48,707	$ 49,960	$ 9,901	$ 7,705	$ 6,570	$ 35,620	$ 23,991	$ 25,044	$ 74,084	$ 80,404	$ 81,574
Investment in productive assets												
Investment in associates	157	(745)	(435)	-	877	525	-	-	-	157	132	90
Investment in Fixed Assets and Intangible	1,892	1,425	747	962	192	243	1,519	825	784	4,373	2,442	1,774
Total assets	$ 30,456	$ 49,387	$ 50,272	$ 10,863	$ 8,774	$ 7,338	$ 37,139	$ 24,816	$ 25,828	$ 78,457	$ 82,978	$ 83,438
Total liability	$ 35,741	$ 46,512	$ 48,203	$ 4,745	$ 4,682	$ 3,792	$ 29,141	$ 23,110	$ 23,809	$ 69,628	$ 74,303	$ 75,804

30. FOREIGN CURRENCY POSITION

Assets and liabilities expressed in US dollars, shown in the reporting currency at December 31, 2022, 2021 and 2020, are as follows:

	Thousands of Mexican pesos 2022	Thousands of Mexican pesos 2021	Thousands of Mexican pesos 2020
Assets	$ 5,631,500	$ 5,566,171	$ 4,028,843
Liabilities	(28,071,938)	(19,394,119)	(19,872,347)
Net monetary liability position	$ (22,440,438)	$ (13,827,948)	$ (15,843,504)

The exchange rate to the US dollar at December 31, 2022, 2021 and 2020 was $20.51, $19.91 and $18.87, respectively. At April 26, 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, 2022, 2021 and 2020 and at the date of issuance of these consolidated financial statements are shown below:

Country of origin 2022	Currency	Closing exchange rate	Issuance April 26, 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 rate
Argentina	Argentinian peso (ARP)	0.1997
Chile	Chilean peso (CLP)	0.0241
Colombia	Colombian peso (COP)	0.0050
Spain	Euro (EUR)	23.3264

Country of origin 2020	Currency	Closing exchange rate
Argentina	Argentinian peso (ARP)	0.5192
Chile	Chilean peso (CLP)	0.0283
Colombia	Colombian peso (COP)	0.0061
Spain	Euro (EUR)	22.5340

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
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 20).

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 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; for this reason, on March 23, 2020, an Administrative Appeal was filed with the tax authorities, which is under review. No provision is being created in this regard.

Appeals for revocation have been filed with the tax authorities, which are still pending resolution, and in order to carry out an adequate assessment of all the elements that are available to prove the inadmissibility of the indicated settlements. By decision issued on 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.

We are currently waiting for the litigation fixation hearing to be held, which is scheduled for April 25, 2023 for resolution, and in case of not obtaining a favorable response, the legal defense of the resolutions issued will continue.

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.

32. SUBSEQUENT EVENTS

a. In February 2023, the Entity announced that at the Ordinary and Extraordinary General Shareholders' Meeting held on January 27, 2023, was agreed to cancel 18,579,079 ordinary shares repurchased in the market for an amount equivalent to 2.2% of the total outstanding shares.

b. On April 19, 2023, the Entity announced the signing of a contract with Starbucks to operate and develop Starbucks branded stores in Paraguay.

33. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements were authorized for issuance on April 26, 2023, 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.

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