Santa Fe
grupo | hotelero

HEADING IN THE RIGHT DIRECTION

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ANNUAL REPORT

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KRYSTAL GRAND SUITES INSURGENTES
Ciudad de México

(GRI 2-1, 2-6)

HYATT REGENCY MEXICO CITY
INSURGENTES & RESIDENCES
Ciudad de México

CORPORATE PROFILE

Fourteen years since Grupo Hotelero Santa Fe - GHSF began operating, today we are a leading company in the Mexican hotel industry. We focus on acquiring beach and urban hotels in the major domestic tourist destinations, converting property use, and operating and development contracts.

GHSF's model is distinctive because of its dynamic commercial strategy, solid risk management, and strict expense control, which facilitate fast adaptation and anticipation of the industry's changing needs, and the expectations of the various stakeholders.

Geographic coverage with our own brands, such as Krystal Grand, Krystal Resorts, Krystal Beach and Krystal Urban, as well as franchises and brands licensed by Hilton and Hyatt, among others, allows us to increase our client portfolio year after year, and to serve new segments of the population.

GHSF included three new hotels in its portfolio in 2023: Secrets Tulum, Krystal Grand Residences & Villas San Miguel Allende, and Hyatt Regency Mexico City Insurgentes & Residences. Each hotel is unique, focusing on different market segments and offering an authentic touch for the guests who want exceptional hospitality and a wonderful experience in the country's best destinations.

Our diversified portfolio means we have more stable revenues and income due to the counter cyclical seasonality between urban and beach hotels. Furthermore, we can cross sell among our client base.

The Company's management team has a long and well-known history of success in the hotel industry in Mexico. Together, management has more than 100 years of experience, which has directly impacted the Group's results and growth.

Our strategy is centered on growing in Mexico, with a heavy focus on the Krystal brand, prioritizing the country's main markets in the four and five star categories, and in the grand tourism sector.

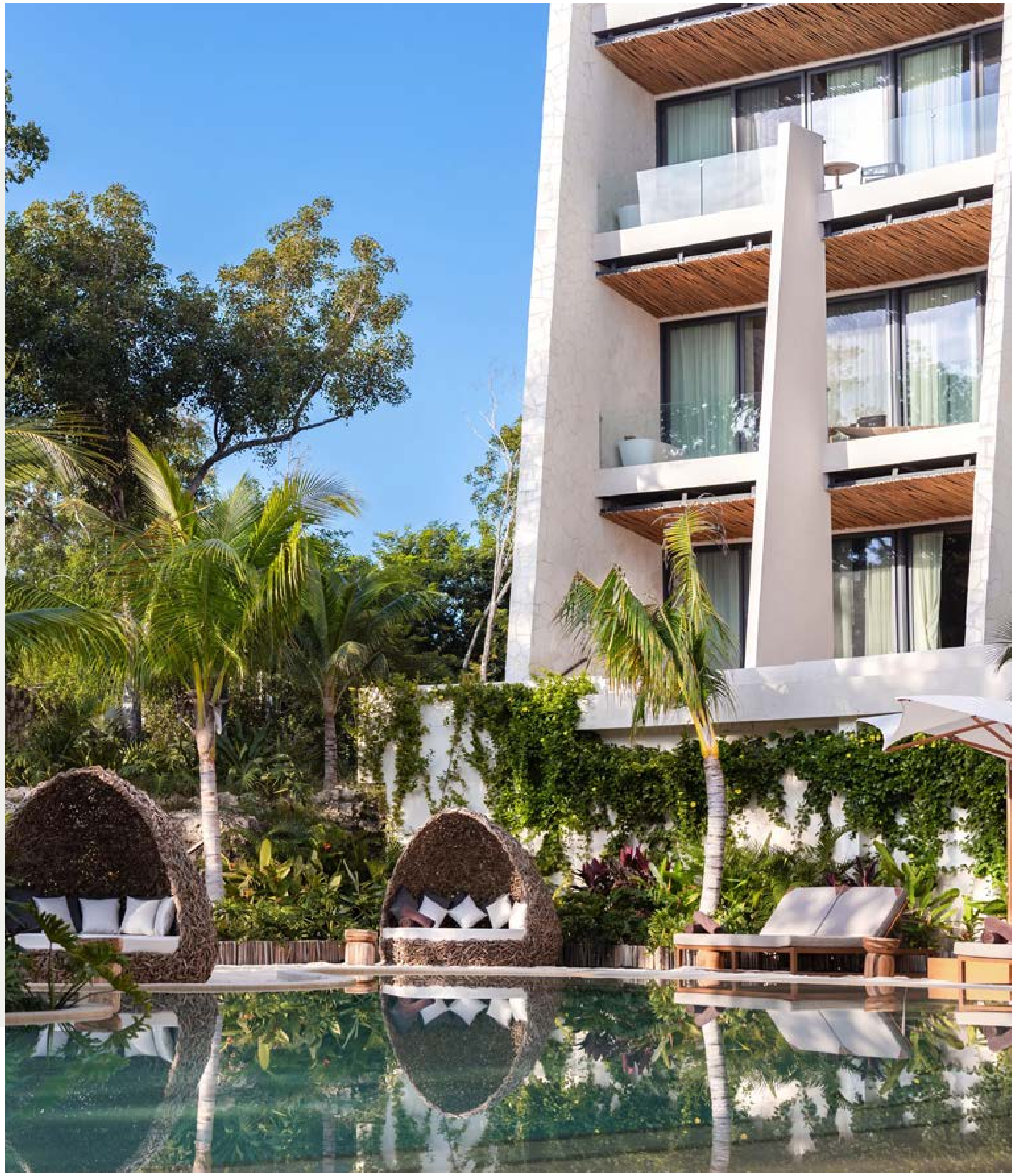
We also focus on managing the hotel portfolio efficiently, and on growing sales and income by effectively optimizing assets.

MISSION

To ensure that our guests and clients have enjoyable and unforgettable experiences provided by employees who are committed to providing quality service, in addition to good management, which allows us to create the profitability expected by our partners, shareholders, and investors.

VISION

To be recognized as one of the best hotel companies, due to our high levels of profitability, professional ethics, trustworthiness, and quality products and services, with employees who are proud to be part of the Group.



SECRETS
Tulum, Quintana Roo

VALUES

HONESTY: We act honorably, maintaining the highest professional criteria with our clients, investors, and employees.

SERVICE: We serve with passion, ensuring that our clients have unforgettable experiences by exceeding their expectations, and turning their stay into a new lifestyle.

COMMITMENT: We act responsibly, impacting lives positively both inside and outside the Organization, and we contribute to sustainable development, benefiting the environment and the community.

PROFITABILITY: We work hard to meet our investors' profitability expectations, which enables us to grow together.

TEAM: We all give our absolute best, joining forces and multiplying achievements, leading by example, and helping our people develop. We believe in respecting diversity, with barrier-free working conditions.

EFFICIENCY: We do things right the first time around, constantly searching for creative ideas that have the potential to change and improve our organization.

ENJOYMENT: We enjoy what we do, and we enthusiastically perform our everyday activities. We are proud to have a Mexican ADN, but mostly we are proud of our work, and our enjoyment in serving our clients.

HYATT REGENCY MEXICO CITY INSURGENTES & RESIDENCES
Ciudad de México

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

GHSF saw healthy growth in revenues and profitability in 2023. During the last quarter, our hotel Krystal Beach Acapulco was impacted by Hurricane Otis, which affected our quarterly results and will continue having an impact until the end of 2024. The operating indicators for the hotels owned by the Company were positive, as we increased our RevPAR in 2023 by 12 percent, driven by an increase of 9 percent in the ADR, in conjunction with a 1.6 percent jump in occupancy, compared to 2022. Revenues were Ps. 2.96 billion in 2023, a 12 percent increase over 2022.

EBITDA was Ps. 840 million during the year, a 12 percent increase in comparison with 2022. These results were despite decreased tourism in Mexico, driven by falls in airport traffic starting in April.

Just a few days ago we announced that the hotel Krystal Grand Puerto Vallarta will be turned into a Breathless Puerto Vallarta Resort & Spa by Hyatt, a resort in the Grand Tourism category. The conversion is expected to be concluded in the second quarter of 2025, and it will have 451 luxurious rooms and suites.

The resort is the most recent incorporation into the Breathless Resorts & Spa collection, which includes properties under this brand in Mexico, the Dominican Republic, and Jamaica. Breathless Resorts & Spas provides an authentic experience, with originality and an ideal combination of relaxation and entertainment, for adults only.

Finally, I would like to mention that none of these achievements would have been possible without the support of our dedicated employees, our experienced management team, and the trust placed in us by our investors.

Carlos Gerardo Ancira Elizondo
Chairman of the Board of Directors

(GRI 2-22)

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER TO OUR STAKEHOLDERS

At Grupo Hotelero Santa Fe we are proud of our achievements, our results, and our progress in Sustainability matters. I am pleased to present the 2023 Sustainability Report to our various stakeholders, as an exercise in transparency regarding our performance.

The year 2023 was a year of economic recovery. International tourists were once again excited to travel to beach destinations, while local tourists took advantage of weekends to escape their daily routine. Both scenarios positively influenced our financial results, especially in relation to Grupo Hotelero Santa Fe's beach hotels.

Urban hotels have also been increasingly dynamic. The recovery of economies all over the world, and increased social activity have meant a return to social events, business travel, and conventions.

Our Company has always set itself apart by closely controlling its budget, and using resources efficiently through leadership that guides the Group towards the best decision-making, both for the business as well as for the people who are part of our outstanding team of employees, who always focus on providing high-quality services to our guests .

Our ethical culture is the compass that guides us in our decision-making in business matters, while also inspiring us to work on accountability. This year the Audit Division made great strides meeting our established commitments, such as preventing money laundering, and improving protocols for Front Desk standardization.

These measures help ensure that our Code of Conduct and corporate policies are complied with.

Furthermore, positive growth in the tourism sector and in hotel demand in Mexico continues to present opportunities, and the Group is providing new tourism possibilities with the opening of its hotels Secrets Tulum, Krystal Grand Residences & Villas San Miguel Allende, and Hyatt Regency Mexico City Insurgentes & Residences. In these hotels we have handled the demand for specialized personnel by investing in programs such as the Talent Development 2023 program, in which 60 employees participated, in an unprecedented training process provided by the Group.

We are prepared to face new challenges at Grupo Hotelero Santa Fe. This is shown by the higher profitability, the vision of the business to 2030, and our reputation in the market, as evidenced by the Ranking Súper Companies 2023, in the magazine Expansión, in which we were in the Top 20 in the category of companies with more than 3,000 employees.

Events such as Hurricane Otis, which hit Acapulco, Guerrero in October 2023, caused us to think deeply about the impacts of climate change, and how climate change affects communities. We are devastated by the loss of lives, and we are aware of the material and emotional impacts our employees suffered. I would like to highlight the work by our hotel Krystal Beach Acapulco, where the Human Resources area organized a collection of resources for those affected, as it continued to pay employees their full salaries, perquisites and benefits, while providing additional help to our team.

Finally, I would like to point out our hotels' focus on protecting biodiversity, namely the program that has been ongoing for the last ten years to protect and ensure reproduction by several species of sea turtles, such as the Hawksbill Sea Turtle, the Kemp's Ridley Turtle, and the Olive Ridley Turtle and the Olive Ridley Turtle in the states of Quintana Roo and Guerrero, where we have protected more than 50,000 eggs of these magnificent species.

I would like to thank our clients for your loyalty, and the more than 4,000 employees for the help you have given us, because without all of you it would not have been possible to handle the enormous challenges we have faced. Because of you, we are able to continue providing exceptional experiences to more domestic and foreign tourists. Thank you for your invaluable trust.

Francisco Medina Elizalde
Chief Executive Officer

ABOUT GRUPO HOTELERO SANTA FE

Grupo Hotelero Santa Fe began operating in 2010. Fourteen years later we have 26 hotels in operation with 6,258 rooms in 11 states throughout Mexico.

KRYSTAL HOTELS

We have three segments through our Krystal Hotels brand: Krystal Grand, Krystal Hotels & Resorts, Krystal Urban Grand.

Krystal is a hotel chain widely recognized in Mexico and worldwide for providing unique experiences, whether for families, friends, romance, or business.

OUR BUSINESS FOCUS

Grupo Hotelero Santa Fe develops, acquires, and operates its own hotels and third party-owned hotels under a unique multi-brand and multi-segment strategy. We are a reference in the market, providing excellent-quality infrastructure and services to our guests.

OUR SERVICES

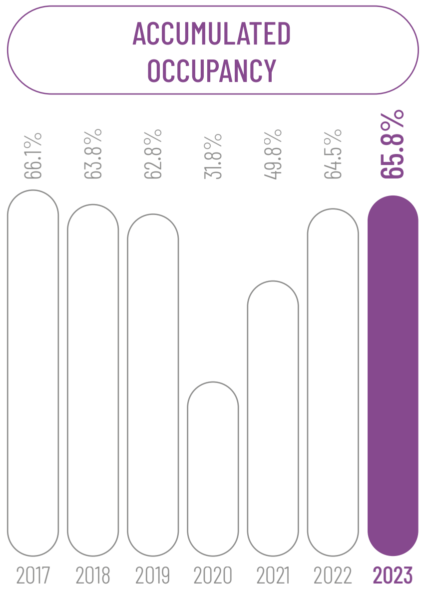
Our Group has hotels in urban and beach destinations, as well as grand tourism hotels with models that include European, continental, and all-inclusive plans, where the smallest details are important, and every guest can enjoy the quality, style, and fun they deserve.

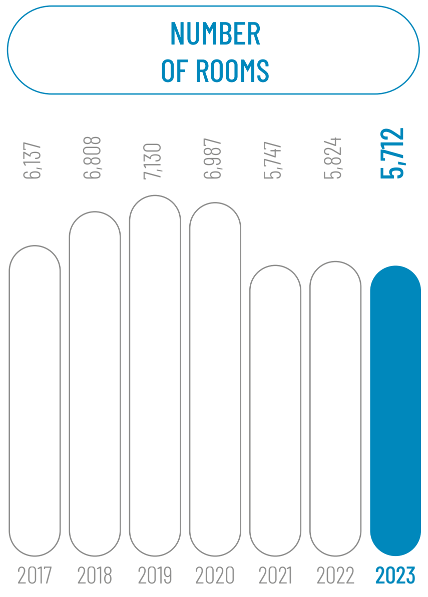
The Company's hotels also offer a wide variety of services, including international restaurants, where our famous chefs prepare culinary experiences, to bars, cafes, spa services, stores, children and youth clubs, excursions, and everything necessary to ensure our clients have an unforgettable experience.

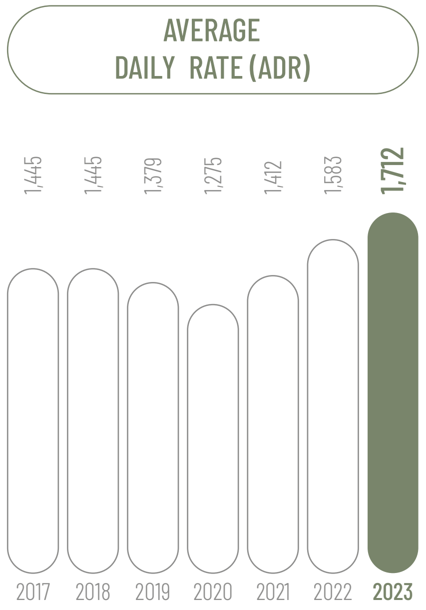
KEY FIGURES

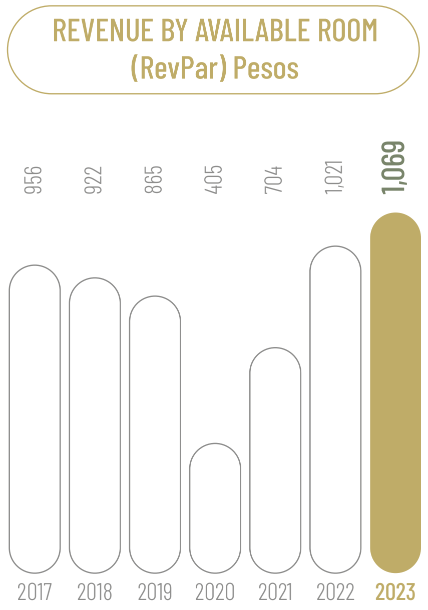
Numbers in thousands of pesos

INCOME STATEMENT	2023	2022	%VAR.
Room revenue	1,455,751	1,302,470	11.8
Revenue from food and beverages	1,215,912	1,017,326	19.5
Other revenue from hotels	150,578	200,097	(24.7)
Vacation Club revenues	46,806	46,675	0.3
Fees for managing third-party hotels	90,160	85,750	5.1
Total Revenues	**2,959,207**	**2,652,319**	**11.6**
Costs and operating expenses	1,439,305	1,343,045	7.2
Administration and sales	611,481	496,574	23.1
Other expenses	41,203	35,917	14.7
Vacation Club costs	27,511	27,632	(0.4)
Depreciation	307,314	281,20	9.3
Total Costs and Expenses	**2,426,814**	**2,184,371**	**11.1**
Total Non-Recurring Expenses	**152,145**	**113,358**	**34.2**
EBITDA	**839,708**	**749,151**	**12.1**
EBITDA margin	28.4%	28.2%	0.1 pt
Income from sale of subsidiaries	(310,331)	-	NA
Operating Income	**380,248**	**354,590**	**7.2**
Operating income margin	12.8%	13.4%	(0.5 pt)
Net Financial Cost	**20,254**	**(12,455)**	**NA**
Income tax	123,907	147,445	(16.0)
Net Income	**592,896**	**198,304**	**NA**
Net income margin	20.0%	7.5%	12.6 pt
Earnings attributable to:			
Company owners	521,780	162,385	NA
Non-controlling stake	71,117	35,919	98.0









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HOTELS

throughout Mexico

HYATT REGENCY MEXICO CITY INSURGENTES & RESIDENCES

Ciudad de México

+4,300

EMPLOYEES

KRYSTAL GRAND CANCÚN
Cancún, Quintana Roo

6,258

ROOMS

KRYSTAL IXTAPA
Ixtapa, Guerrero

OUR LOCATIONS

WE ARE PRESENT IN 11 STATES THROUGHOUT MEXICO, WITH 26 HOTELS.

1. BAJA CALIFORNIA SUR
- Krystal Grand Los Cabos

2. AGUASCALIENTES
- Hyatt Place Aguascalientes

3. JALISCO
- Krystal Grand Nuevo Vallarta
- Krystal Resort Puerto Vallarta
- Krystal Grand Puerto Vallarta
- Krystal Urban Guadalajara

4. GUERRERO
- Krystal Beach Acapulco
- Krystal Resort Ixtapa

5. CHIHUAHUA
- Krystal Urban Ciudad Juárez

6. NUEVO LEÓN
- Krystal Urban Monterrey
- Hilton Garden Inn Monterrey Aeropuerto
- Krystal Monterrey

7. QUINTANA ROO
- Krystal Resort Cancún
- Krystal Grand Cancún
- Krystal Urban Cancún
- Mahekal Beach Resort
- SKLS Cancún
- Secrets Tulum

8. GUANAJUATO
- Hyatt Centric Campestre León
- Krystal Grand San Miguel de Allende
- Ibis Irapuato

9. CIUDAD DE MÉXICO
- Krystal Urban Aeropuerto Ciudad de México
- Krystal Grand Suites
- Hyatt Regency Mexico City Insurgentes & Residences

10. ESTADO DE MÉXICO
- Krystal Satélite María Bárbara

11. TABASCO
- Hampton Inn & Suites Paraiso Tabasco

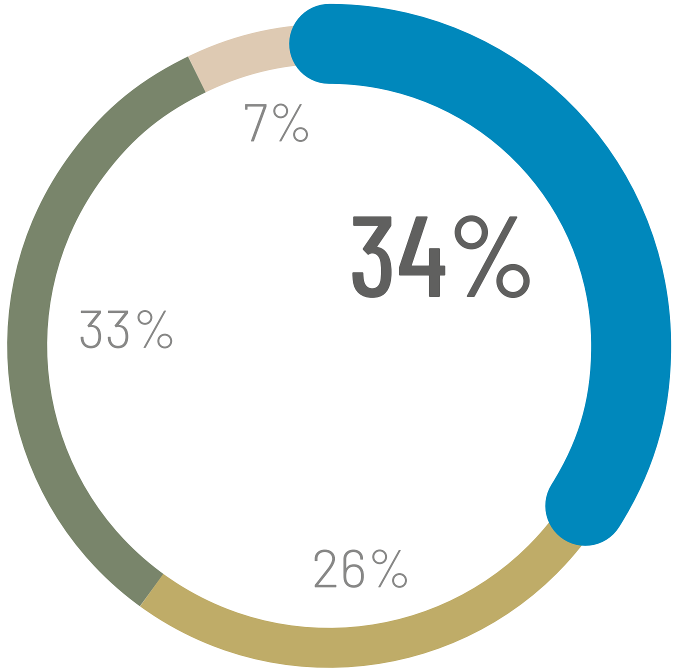
PORTFOLIO OF HOTELS

NO.	HOTEL	TOTAL ROOMS	OWNERSHIP	TYPE	CATEGORY	CITY	STATE
1	Krystal Urban Monterrey	150	100%	Urban	4 stars	Monterrey	Nuevo León
2	Krystal Urban Cd. Juárez	120	100%	Urban	4 stars	Ciudad Juárez	Chihuahua
3	Krystal Urban Cancún	246	100%	Urban	4 stars	Cancún	Quintana Roo
4	Krystal Satélite María Bárbara	215	100%	Urban	5 stars	Estado de México	Estado de México
5	Hilton Garden Inn Monterrey Aeropuerto	134	15%	Urban	4 stars	Monterrey	Nuevo León
6	Hampton Inn & Suites Paraíso Tabasco	117	-	Urban	4 stars	Paraíso	Tabasco
7	Krystal Urban Aeropuerto Ciudad de México	96	-	Urban	4 stars	Ciudad de México	Ciudad de México
8	Krystal Urban Guadalajara	140	100%	Urban	4 stars	Guadalajara	Jalisco
9	Krystal Monterrey	207	-	Urban	5 stars	Monterrey	Nuevo León
10	Ibis Irapuato	140	-	Urban	3 stars	Irapuato	Guanajuato
11	Krystal Grand Suites Insurgentes	150	50%	Urban	Grand Tourism	Ciudad de México	Ciudad de México
12	Hyatt Place Aguascalientes	144	-	Urban	4 stars	Aguascalientes	Aguascalientes
13	Hyatt Centric Campestre León	140	50%	Urban	Grand Tourism	León	Guanajuato
14	Hyatt Regency Mexico City Insurgentes & Residences	201	50%	Urban	Grand Tourism	Ciudad de México	Ciudad de México
15	Krystal Grand San Miguel de Allende	22	100%	Urban	Grand Tourism	San Miguel de Allende	Guanajuato
SUBTOTAL URBAN		**2,222**					
16	Krystal Resort Cancún	502	-	Beach	5stars	Cancún	Quintana Roo
17	Krystal Resort Ixtapa	255	-	Beach	5 stars	Ixtapa	Guerrero
18	Krystal Resort Puerto Vallarta	530	-	Beach	5 stars	Puerto Vallarta	Jalisco
19	Krystal Grand Puerto Vallarta	451	100%	Beach	Grand Tourism	Puerto Vallarta	Jalisco
20	Krystal Beach Acapulco	400	100%	Beach	4 stars	Acapulco	Guerrero
21	Krystal Grand Cancún	398	100%	Beach	Grand Tourism	Cancún	Quintana Roo
22	Krystal Grand Los Cabos	454	50%	Beach	Grand Tourism	Los Cabos	Baja California Sur
23	Krystal Grand Nuevo Vallarta	480	50%	Beach	Grand Tourism	Nuevo Vallarta	Nayarit
24	SLS Cancún	45	-	Beach	Luxury	Cancún	Quintana Roo
25	Mahekal Beach Resort	195	50%	Beach	4 stars	Playa del Carmen	Quintana Roo
26	Secrets Tulum Resort & Spa	326	25%	Beach	Grand Tourism	Tulum	Quintana Roo
SUBTOTAL BEACH		**4,036**					
TOTAL IN OPERATION		**6,258**					

COMPOSITION OF HOTEL PORTFOLIO

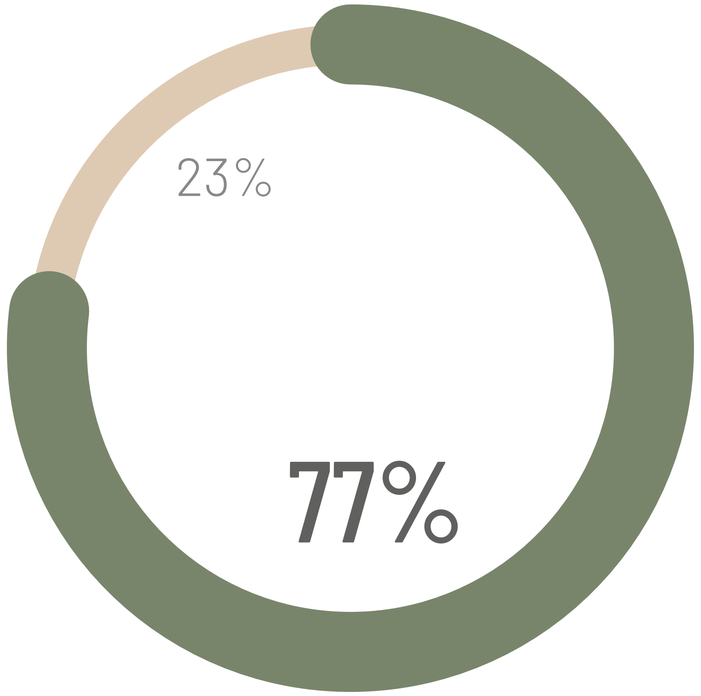
NUMBER OF ROOMS

OWNERSHIP



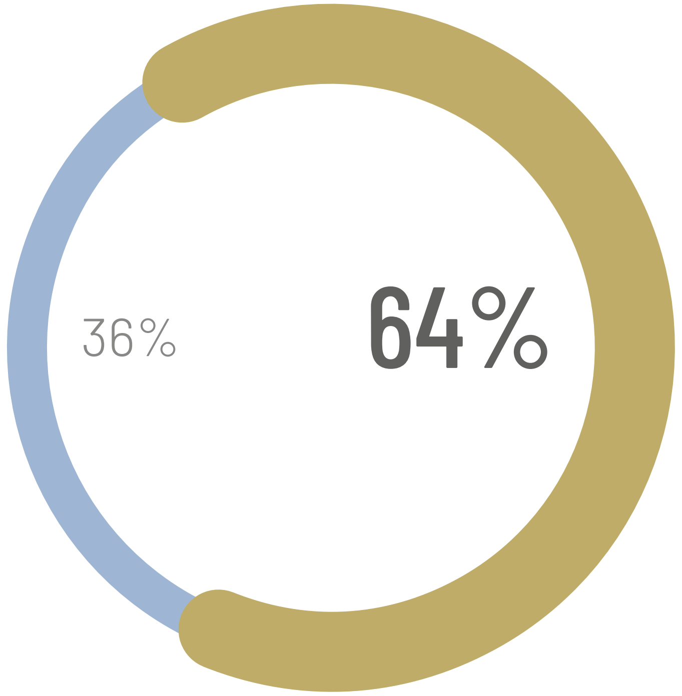
CO-INVESTMENT - 460: 7%
THIRD PARTY - 2,036: 33%
50% OWNERSHIP - 1,620: 26%
100% OWNERSHIP - 2,142: 34%

BRAND



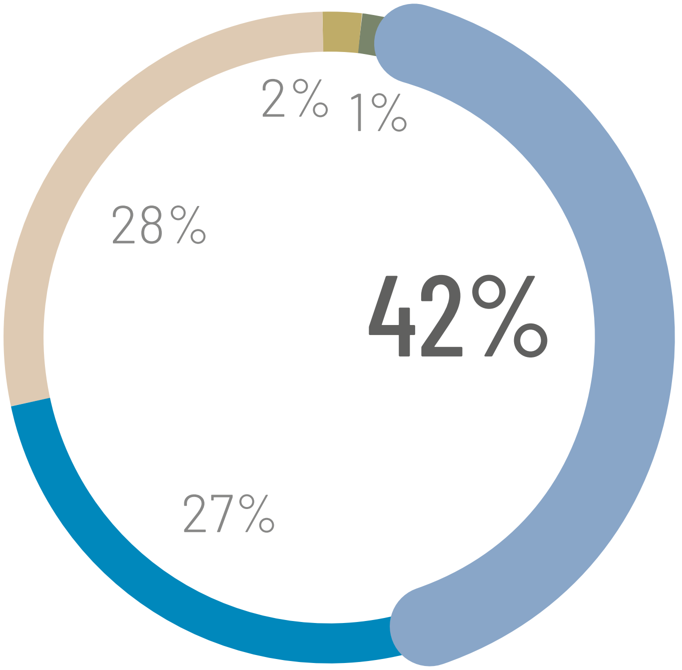
OTHERS - 1,442: 23%
KRYSTAL - 4,816: 77%

SEGMENT



BEACH - 4,036: 64%
URBAN - 2,222: 36%

CATEGORY



GRAND TOURISM - 2,622: 42%
5 STARS - 1,709: 27%
4 STARS - 1,742: 28%
3 STARS - 140: 2%
LUXURY - 45: 1%

Note: The percentages shown are based on the number of rooms.

BRAND SEGMENTATION

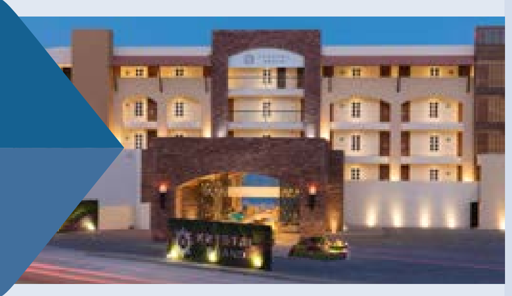
01

KRYSTAL GRAND®

KRYSTAL HOTELS WITH THE MOST EXACTING STANDARDS

We offer a Grand Tourism experience with the highest quality products and services for demanding travelers. Every Krystal Grand hotel is a benchmark.

Spoil Yourself



02

KRYSTAL® HOTELS & RESORTS

TRADITIONAL KRYSTAL QUALITY

Five-star category hotels in the leading destinations throughout Mexico. Hotels in this 36-year-old brand have undergone significant renovations in recent years, and have become one of the favorite hotel brands among Mexican and international travelers. These hotels offer a wide range of alternatives for leisure, fun, and business.

Meaningful Travel

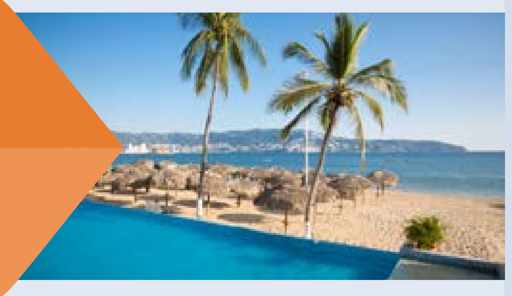
03

KRYSTAL BEACH®

FAMILY VACATIONS

This is the brand most heavily geared towards families. It focuses on unforgettable experiences for the little ones in the family. Within the four-star segment, it is an extraordinary alternative for beach destinations.

Family Escape



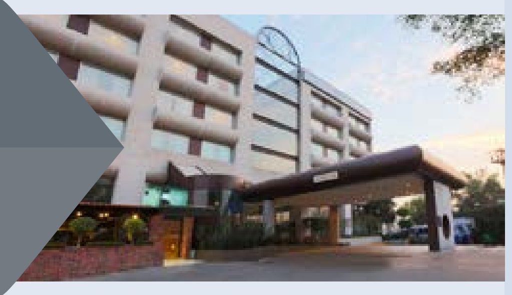
04

KRYSTAL URBANHOTELS®

THE NEWEST MEMBER OF THE KRYSTAL FAMILY

This brand is increasingly focused on the demanding and productive business traveler. Guests want a modern experience in unforgettable places, and personalized service. We offer a comfortable and functional service, providing guests with a way to make the best use of their time.

Redefining Business



AWARDS AND RECOGNITIONS

Awarded by the magazine Expansión and Top Companies to the companies that offer the best working conditions for their employees, as well as those that have the greatest number of women in management and director positions, GHSF was ranked among the top three companies in the Hotel and Tourism sector with more than 3,000 employees, and it was ranked 11th among those in our category.

GHSF was recognized in the Top 20 of the Súper Empresas 2023 Ranking in the category of more than 3,000 employees, and in fourth place in the Hotel and Tourism sector, a distinction awarded by the magazine Expansión and Top Companies to culturally powerful companies.

In 2023, for the ninth consecutive year we obtained the Socially Responsible Company Distinction awarded by the Mexican Center for Philanthropy (CEMEFI). With this type of initiative, we have solidified our commitment to the communities, our employees, the environment, and responsible Company management.

This certification is awarded by the American Automobile Association (AAA) to hotels and restaurants in the United States, Canada, Mexico, and the Caribbean. The AAA Diamond Award guarantees that establishments offer the highest standards of luxury, quality, and high-level service. Our hotels with this certification are:

- Krystal Grand Puerto Vallarta
- Krystal Grand Nuevo Vallarta
- Krystal Vallarta

Awarded by the Secretary of Tourism and the Secretary of Health to fixed food and beverage establishments for meeting the hygiene requirements established in Mexican Standard NMX-F-605-NORMEX-2018. The hotels with this distinction are:

- Krystal Grand Puerto Vallarta
- Krystal Grand Nuevo Vallarta
- Krystal Grand Suites Insurgentes

Awarded by the Mexican Social Security Institute to Hotel Krystal Grand Nuevo Vallarta for its commitment to building safe and healthy working environments. The hotels with this distinction are:

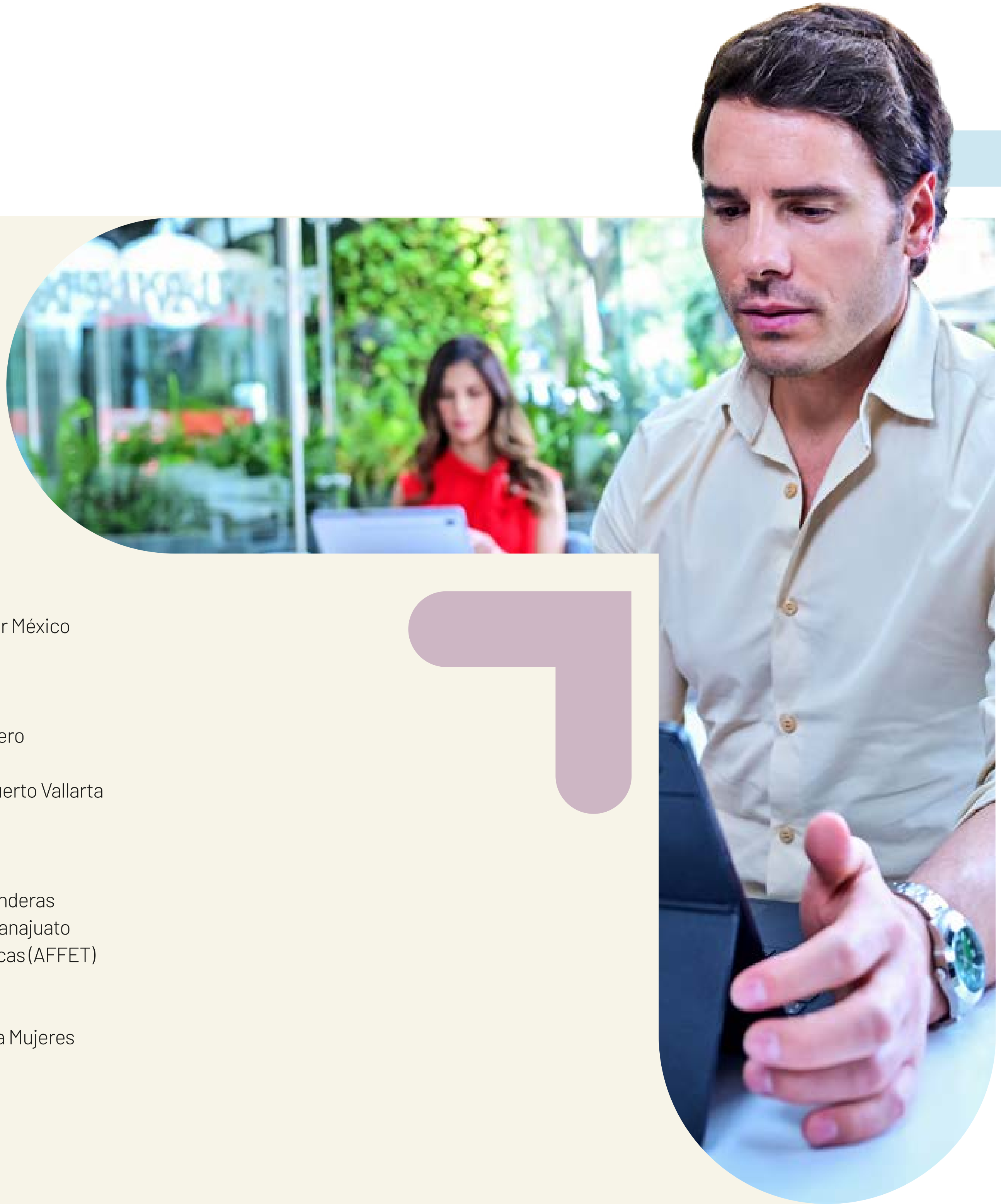
- Krystal Beach Acapulco
Krystal Ixtapa

ASSOCIATIONS TO WHICH WE BELONG

Grupo Hotelero Santa Fe is a member of several different chambers in the sector, which is a strategic element in being an active part of the corporate community.

Our sector participation at the end of 2023:

- Asociación Nacional de Cadenas Hoteleras, Hoteles por México
- Consejo Nacional Empresarial Turistico Mexico
- Asociación de Hoteles y Moteles de Bahía de Banderas
- Asociación de Hoteles de Ciudad de México
- Asociación de Hoteles y Moteles de Zihuatanejo, Guerrero
- Asociación de Hoteles de Hoteles de Puerto Vallarta
- Asociación de Recursos Humanos de los Hoteles de Puerto Vallarta
- Asociación de Hoteles de Ciudad Juárez
- Asociación de Hoteles de Jalisco
- Asociación de Mexicana de Hoteles de Nuevo León
- Asociación de Hoteles de Puerto Vallarta y Bahía de Banderas
- Asociación Mexicana de Hoteles y Moteles de León, Guanajuato
- Asociación Femenil de Ejecutivas de Empresas Turísticas (AFFET)
- Asociación de Hoteles de Los Cabos
- Asociación de Hoteles de Tulum
- Asociación de Hoteles de Cancún, Puerto Morelos e isla Mujeres
- Asociación de Relaciones Publicas
- Asociación Alianza Punta Cancún
- SKAL, Ciudad de México
- Cámara Nacional de Comercio (CANACO)



OUR CLIENTS

At Grupo Hotelero Santa Fe we are committed to offering excellent services and the best experience for our guests.

HYATT REGENCY MEXICO CITY INSURGENTES & RESIDENCES
Ciudad de México

One element that helps us achieve our goals is our Service Standards Manual, which details processes so that all employees understand their responsibilities in providing personalized, quality care.

To deepen this client-focused culture even further, ongoing training plans have been developed that prioritize quality service and attention protocols. Every year the number of training hours increases, which translates into unforgettable stays for our guests.

TOOLS TO MEASURE SERVICE QUALITY

- Standards
- Protocols and procedures
- Own internal measurements
- Third-party internal measurements
- Client comments

OUR FOCUS

- To always do things well the first time around
- To meet and exceed client expectations
- The qualities or properties of something to be able to meet guests' needs

KRYSTAL GRAN CANCÚN
Cancún, Quintana Roo

DIGITAL LAUNCH KRYSTAL HOTELS & RESORTS®

In October 2023, Krystal Hotels & Resorts®, a reference in the hotel industry with a long tradition of hospitality in Mexico, presented its new and innovative web platform, designed to simplify and significantly improve the reservation experience for clients.

This launch is being conducted in partnership with Roiback®, GHSF's strategic commercial partner for success in this project, due to its experience in digital marketing solutions, its reservations system, and web design.

The process meant adapting all information from Krystal® Hotels to the latest communication trends, with more video content, updated photography, and thorough descriptions.

Technology was also integrated for fast navigation from any device, whether computers or mobile devices, with different payment methods and safe reservations.

The purpose of developing this new page and having a single reservations system for the domestic and international markets is to increase sales by 40%.

For more information: ***www.krystal-hotels.com***

The year 2023 saw healthy growth in revenues and profitability.

(GRI 3-1, 3-2, 3-3)

We believe that sustainability is one of the strategic pillars of the business. Using the resources we rely on efficiently gives us the opportunity to make investments in environmental matters.

SUSTAINABLE DEVELOPMENT

AT GRUPO HOTELERO SANTA FE

OUR SUSTAINABILITY STRATEGY

For GHSF, sustainability has become one of the main axes of its business strategy. We take seriously the impact that tourist activity has on the environment, society, and tourist destinations.

We therefore adhere to international sustainability principles, frameworks, and initiatives, such as the Sustainable Development Goals of Agenda 2030, and the Global Compact, both of the United Nations.

To implement the Group's Sustainability Model we have a Sustainability Committee and Social Responsibility Committee at each hotel.

While the Sustainability Committee defines strategies and relevant decision-making, the Committees are responsible for implementing initiatives in matters of quality of life, the environment, ethics, and community ties.

MAHEKAL
Playa del Carmen, Quintana Roo

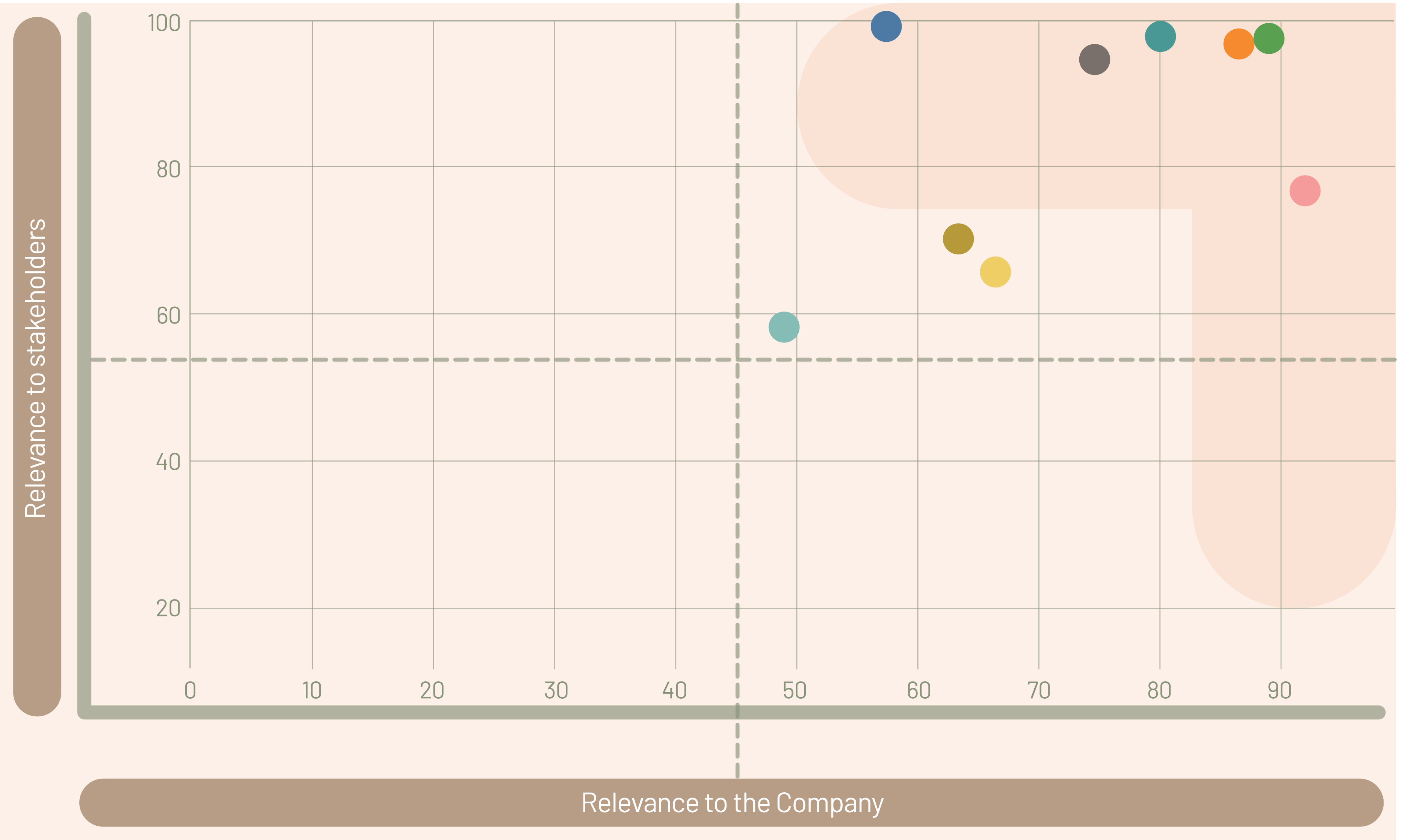
STAKEHOLDERS

Communication and dialogue with interest groups are fundamental for managing our sustainability strategy, as they provide the opportunity to create shared value and drive the sustainable development of the communities where our hotels are located.

STAKEHOLDERS	KEY ISSUES INDENTIFIED	MODE OF INTERACTION
PARTNERS AND SHAREHOLDERS	Economic growth Job creation Ethical questions Reputation Corporate governance ESG	Annual and Sustainability Reports Quarterly calls and reports Relevant events
DIRECTORS	Competitors Job creation Certifications Economic growth Natural disasters Emissions Working conditions Talent retention Reputation Energy savings Community ties	Board of Directors Operating Committee Annual Report Sustainability Report Mailing
EMPLOYEES	Working conditions Workday Community support Environmental awareness Turnover Leadership Insecurity	Employee board Santa Fe News Mailing Training sessions Grupo Hotelero Santa Fe Platform
CLIENTS	Beach clean-up Volunteering Reforestation Emissions reduction Direct communication in hotels	GHSF University Web page Digital announcements on hotel screens Relevant events
SUPPLIERS	Working conditions Local economy Recycling Value chain ESG Management	Supplier questionnaire Ethics code for suppliers Telephone interview
NON PROFITS	Biodiversity Climate change Poverty in tourist communities Company-community relationship	Focus groups for social studies Telephone interview
GOVERNMENT	Biodiversity Poverty in tourist communities Child exploitation	Meeting regarding Materiality Study

MATERIALITY MATRIX

The Materiality Matrix maps the needs and Expectations of the various stakeholders: partners and shareholders, directors, 80 employees, clients, suppliers, NGOs, and the government. This matrix facilitates risk management and managing the impacts the operation might have on society and the environment.

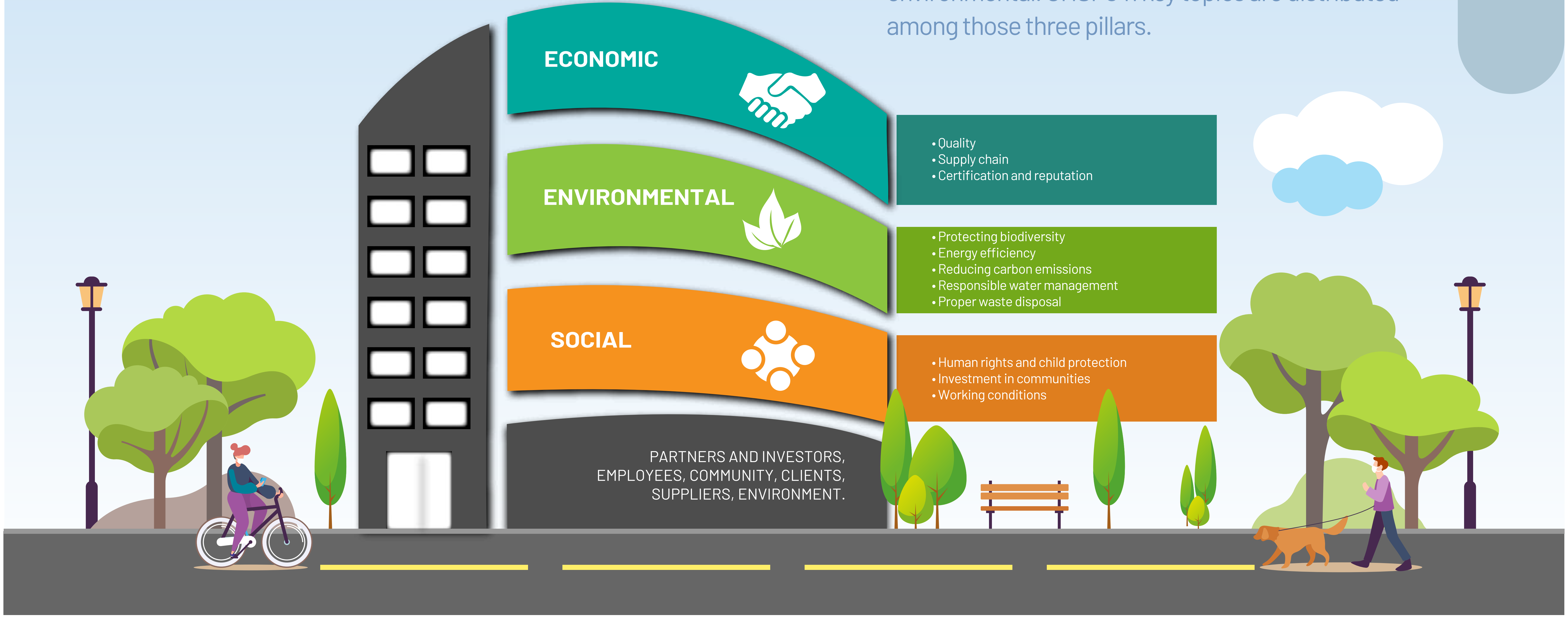


MATERIAL ISSUES

- Sustainable supply chains
- Working conditions
- Development of communities where we operate
- Carbon emissions
- Child exploitation and trafficking
- Waste generation and management
- Protection of biodiversity
- Efficient energy use
- Use and protection of water

SUSTAINABILITY MODEL

Our Sustainability Model is segmented into three sustainability pillars: economic, social, and environmental. GHSF's 11 key topics are distributed among those three pillars.



SUSTAINABLE DEVELOPMENT GOALS

We create value for our stakeholders through our business model by aligning our strategy, projects, and activities with the United Nations' Sustainable Development Goals to Contribute to economic, social, and environmental development.

CONTRIBUTION TO THE SDGS

GLOBAL COMPACT OF THE UNITED NATIONS

For the sixth year we have renewed our commitment to uphold the ten principles of the United Nations Global Compact related to human rights, working standards, environmental protection, and the fight against corruption.

THE GLOBAL COMPACT

WE SUPPORT THE GLOBAL COMPACT

ECONOMIC

SUPPLY CHAIN
Principle 2:
Do not be complicit in human rights abuses.
Principle 4:
Support the elimination of forced or compulsory labor.

ETHICAL CULTURE
Principle 10:
Work against corruption in all its forms, including extorsion and bribery.

SOCIAL

WORKING CONDITIONS
Principle 1:
Support and protect human rights.
Principle 3:
Freedom of association and the right to collective bargaining.
Principle 4:
Support the elimination of forced or compulsory labor.

HUMAN RIGHTS AND PROTECTION OF CHILDREN
Principle 2:
Do not be complicit in human rights abuses.
Principle 5:
Support the abolition of child labor.

ENVIRONMENTAL

BIODIVERSITY
Principle 7: Retain a preventive focus on protecting the environment.
Principle 8: Support initiatives that foster greater environmental responsibility.

RESPONSIBLE MANAGEMENT OF WATER AND ENERGY
Principle 7: Retain a preventive focus on protecting the environment.
Principle 8: Support initiatives that foster greater environmental responsibility.
Principle 9: Support the development and dissemination of technologies that are respectful of the environment.

ENERGY EFFICIENCY AND REDUCTION OF EMISSIONS
Principle 7: Retain a preventive focus on protecting the environment.
Principle 8: Support initiatives that foster greater environmental responsibility.
Principle 9: Support the development and dissemination of technologies that are respectful of the environment.

To implement the Group's Sustainability Model, we have a Sustainability Board and Social Responsibility Committee at every hotel.

(GRI 2-6, 2-24, 3-3, 201-1, 203-2, 204-1)

Among the impactful initiatives in our sustainability-focused businesses are economic value, the quality of our services, and the supply chains of our hotels.

VALUE CREATION

OF GRUPO HOTELERO SANTA FE

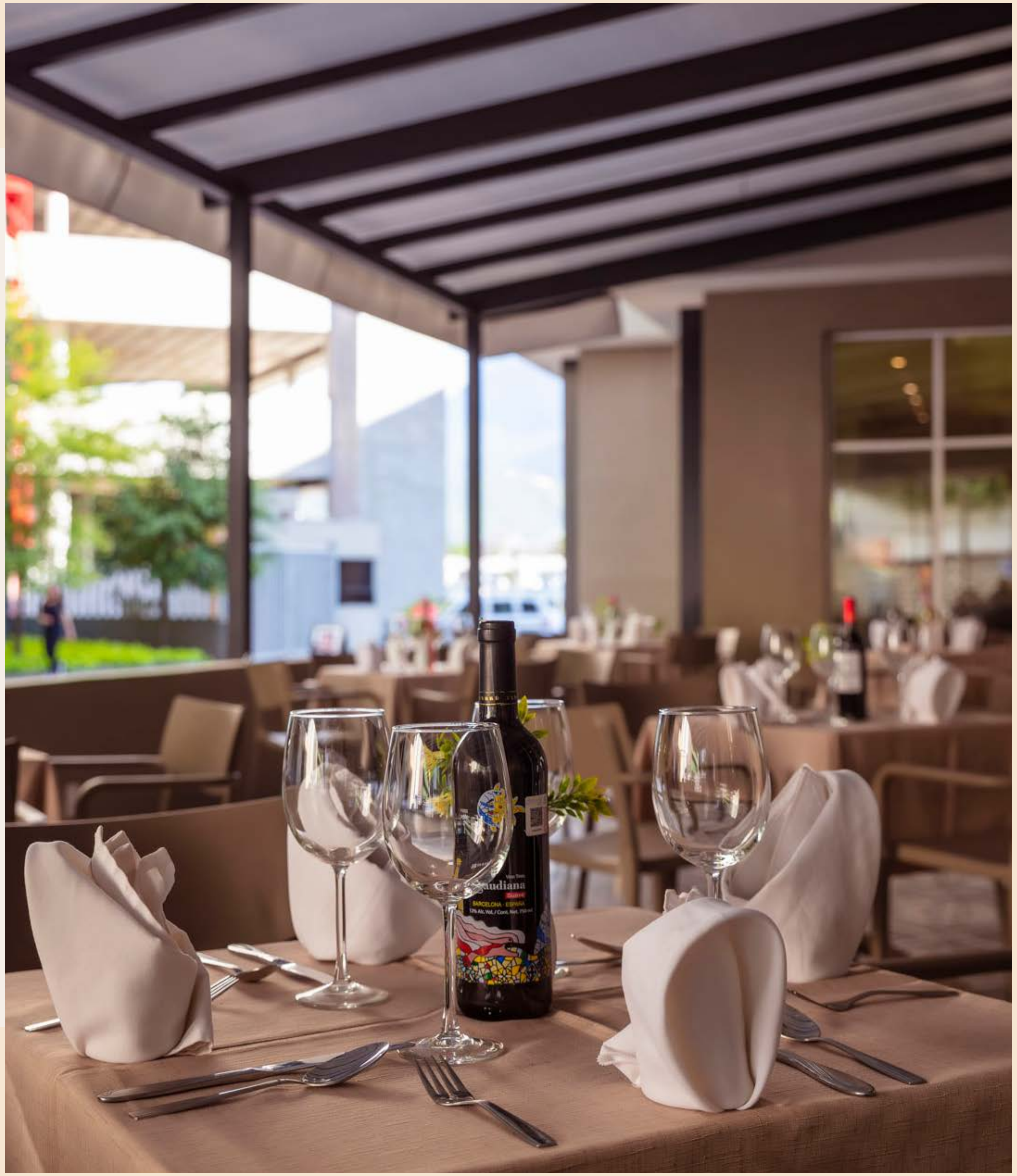
ECONOMIC VALUE CREATED AND DISTRIBUTED

Our activities favor economic trickle-down impacts, job creation and development, and creating direct and indirect positive impacts both for investors and for our various stakeholders.

ECONOMIC VALUE CREATED AND DISTRIBUTED
(in thousands of pesos)

	2022	2023
Economic Value Created (EVC)		
Revenues	4,366,186	**4,688,290**
Economic Value Distributed (EVD)		
Costs	2,038,305	**2,089,066**
Wages, salaries and benefits	1,193,419	**1,263,653**
Loan payments	172,320	**352,389**
Payments to the government	161,239	**184,007**
Total EVD	3,565,285	**3,889,114**
Value Retained	800,900	**799,176**

KRYSTAL URBAN MONTERREY
Monterrey, Nuevo León



QUALITY AND A GREAT CLIENT EXPERIENCE

"Making sure our guests and clients have enjoyable and unforgettable experiences" is our objective. To make sure we keep our promise, the Group has Krystal-quality standards in our own hotels, as well as internationally branded hotels.

The client quality and experience area is focused on ensuring that standards are met, both in terms of products and service, through several different activities:

- We have Quality Managers at every one of the Group's properties, whose function is to ensure that there is continuity and consistency in meeting our standards.
- Periodic visits or audits at the hotels by the Corporate Quality area, to evaluate adherence to the standards, and to create action plans.
- Follow-up on the external Mystery Shopper program to complement and verify the results of internal audits.
- Monitor and follow-up on client comments on social networks, OTAs, and our own comment collection systems.
- Ongoing analysis of comments and client suggestions, which allows us to measure levels of satisfaction, as well as the follow-up on responses to clients, and actions taken as a result of their comments.
- Creation of periodic reports and KPIs, which allows continuous monitoring of satisfaction (NPS, OTA qualifications, and our own measures).
- Follow-up on food safety reports prepared by Cristal.
- Additional audits for urban hotel food safety.

KRYSTAL GRAND LOS CABOS
Los Cabos, Baja California Sur

STAY SAFE & CLEAN

Since 2021, GHSF has been implementing the Stay Safe & Clean program, which standardizes health and hygiene protocols. Although protecting against COVID is no longer a requirement, our Company has maintained the processes that ensure our guests a safe stay, as well as the safety of other stakeholders that are part of the operation, adjusting applications and attributes, and adopting good practices.

As part of our efforts, in 2023 we improved management in the program's three main areas:

PROTOCOLS: We continued to implement the standards and measures recommended by Ecolab, ensuring correct operation to comply with our health goals.

PROCEDURES: We improved cleaning and disinfection procedures during operation and in periodic processes, operating guidelines, and training our employees so they will fully understand the focus on hygiene protocols and procedures.

CERTIFICATION: According to the criteria of the company Cristal International Standards, recognition was awarded in the different modules for which they were hired.

CRISTAL
INTERNATIONAL STANDARDS

ROOM CHECK — Measures and assesses the effectiveness of room cleaning.

POOL CHECK — Verifies that the water in swimming pools is safe, and that the areas surrounding the pool are clean and orderly.

AQUA CHECK — Verifies and controls water piping systems.

POSI CHECK — The audit program is designed to supervise an effective response to contagious infections.

FOOD CHECK — Measures 255 control points along the food chain, measuring yield in accordance with global standards.

KRYSTAL HOTELS & RESORTS CANCÚN
Cancún, Quintana Roo

OUR VALUE CHAIN

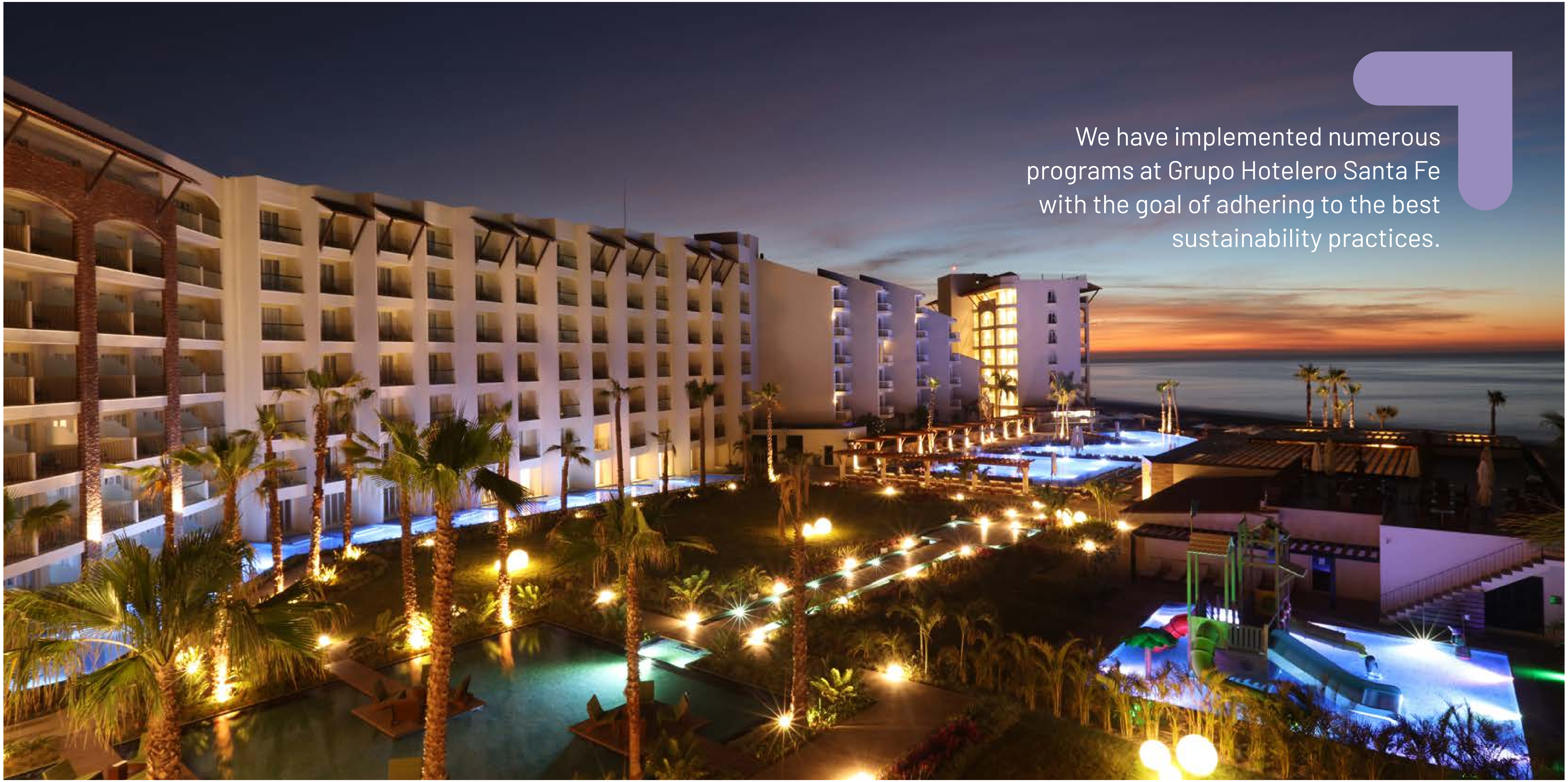
The value chain is highly relevant for the operation of each hotel, and is fundamental in meeting the goal of providing a unique experience to every client.

At Grupo Hotelero Santa Fe we have implemented several programs with the goal of abiding by the best sustainability practices that impact our suppliers, such as strictly complying with ethical guidelines and criteria. This process is headed by the Purchasing Committee at each hotel, which reports to the Audit Department and the Commercial Department.

45%

of the budget was allocated to local suppliers in 2023, which is a 5% increase over the 40% allocated to local suppliers in 2022.

BELAIR SUNCLUB CABOS
Los Cabos, Baja California Sur


We have implemented numerous programs at Grupo Hotelero Santa Fe with the goal of adhering to the best sustainability practices.

(GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-15, 2,16, 2-17, 2-18, 2-19, 2-20, 2-23,2-24, 2-25, 2-26,2-27, 2-28, 3-3, 205-1, 205-2, 205-3, 206-1, 405-1, 406-1)

Our Group has solid corporate governance backed by structures such as the Board of Directors, the Audit Committee, and the Executive Committee, which guide the Company and ensure proper operations.

ETHICS AND GOVERNANCE

AT GRUPO HOTELERO SANTA FE

COMMITTED TO OUR PRINCIPLES

The Board of Directors is the highest governing body, and is comprised of 14 members, of whom two are women.
The various governance structures are presented below:

BOARD OF DIRECTORS

NAME	POSITION	CAPACITY
Carlos Gerardo Ancira Elizondo	Chairman of the Board	N/A
María del Rocío Alarcón Brockmann	Board Member	Independent
Luis Alberto Harvey MacKissack	Board Member	Independent
Arturo José Saval Pérez	Board Member	Independent
Pablo Villanueva Martínez	Board Member	Independent
Jorge Manuel Pérez	Board Member	Independent
Francisco Javier Moguel Gloria	Board Member	Independent
Eduardo Chaillo Ortiz	Board Member	Independent
Jerónimo Marcos Gerard Rivero	Board Member	Independent
Eduardo Diaz Balogh	Board Member	Independent
Enrique Gerardo Martínez Guerrero (1)	Board Member	N/A
Iker Paullada Eguirao (2)	Board Member	N/A
Eduardo Barajas Ramirez (3)	Board Member	N/A
Jon Paul Pérez (4)	Board Member	N/A
Maria Patricia Alarcon Brockmann (5)	Board Member	N/A

(1) Alternate Board Member for Carlos Gerardo Ancira Elizondo.
(2) Alternate Board Member for Arturo José Saval Pérez.
(3) Alternate Board Member for Pablo Villanueva Martínez.
(4) Alternate Board Member for Jorge Manuel Pérez.
(5) Alternate Board Member for María del Rocío Alarcón Brockmann.

AUDIT COMMITTEE

NAME	POSITION
Francisco Javier Moguel Gloria	Chairman (Independent)
Eduardo Chaillo Ortiz	Member (Independent)
Luis Alberto Harvey MacKissack	Member (Independent)

CORPORATE PRACTICES COMMITTEE

NAME	POSITION
Arturo José Saval Pérez	Chairman (Independent)
Eduardo Chaillo Ortiz	Member (Independent)
Jerónimo Marcos Gerard Rivero	Member (Independent)

EXECUTIVE COMMITTEE

NAME	POSITION
Carlos Gerardo Ancira Elizondo	Chairman of the Executive Committee
Francisco Alejandro Zinser Cieslik	Executive Vice President
Eduardo Diaz Balogh	Member
Arturo José Saval Pérez	Member
Pablo Villanueva Martínez	Member
Eduardo Chaillo Ortiz	Member
Enrique Gerardo Martínez Guerrero (1)	Alternate Member
Iker Paullada Eguirao (2)	Alternate Member
Eduardo Barajas Ramirez (3)	Alternate Member
Maximilian Zimmermann Canovas (4)	Alternate Member
(1) Alternate member for any of Carlos Gerardo Ancira Elizondo, Francisco Alejandro Zinser Cieslik o Eduardo Diaz Balogh. (2) Alternate member for Arturo José Saval Pérez.	(3) Alternate member for Pablo Villanueva Martínez (4) Alternate member for Eduardo Chaillo Ortiz

ETHICS COMMITTEE

NAME	POSITION
Alejandro Abaid Bazan	Director of Auditing (Chairman)
Carlos Ancira Elizondo	Chairman of the Board (Member)
Jerónimo Marcos Gerard Rivero	Board (Member)
Enrique Gerardo Martinez Guerrero	Chief Financial Officer (Member)
Francisco Medina Elizalde	Chief Executive Officer (Member)
Francisco Alejandro Zinser Cieslik	Executive Vice President (Member)
Gabriel Tomás Díaz Hernández	Director of Human Resources (Member)

KRYSTAL URBAN GUADALAJARA
Guadalajara, Jalisco

MANAGEMENT TEAM

Grupo Hotelero Santa Fe is comprised of executives with a solid professional and business trajectory in the hotel and tourism sector who make the Company and its portfolio a true success case.

CARLOS G. ANCIRA ELIZONDO
Chairman of the Board of Directors

FRANCISCO MEDINA ELIZALDE
Chief Executive Officer

FRANCISCO ZINSER CIESLIK
Executive Vice President

ENRIQUE MARTÍNEZ GUERRERO
Chief Financial Officer

MAXIMILIAN ZIMMERMANN CANOVAS
Investor Relations Officer

RENÉ DELGADO CHAPMAN
Legal Director

JOSÉ A. SANTANA COBIÁN
Director of Administration

Santa Fe ®
grupo | hotelero

ETHICAL CULTURE

Grupo Hotelero Santa Fe has best business practices, a solid ethical culture, and complies strictly with the law and regulations, rejecting any bad business practices such as bribery, corruption, coercion, or anything else that might impact the Company's interests and reputation.

We believe that people are our main strength. We therefore ensure we work in compliance with integrity protocols, and with respect for human and labor rights.

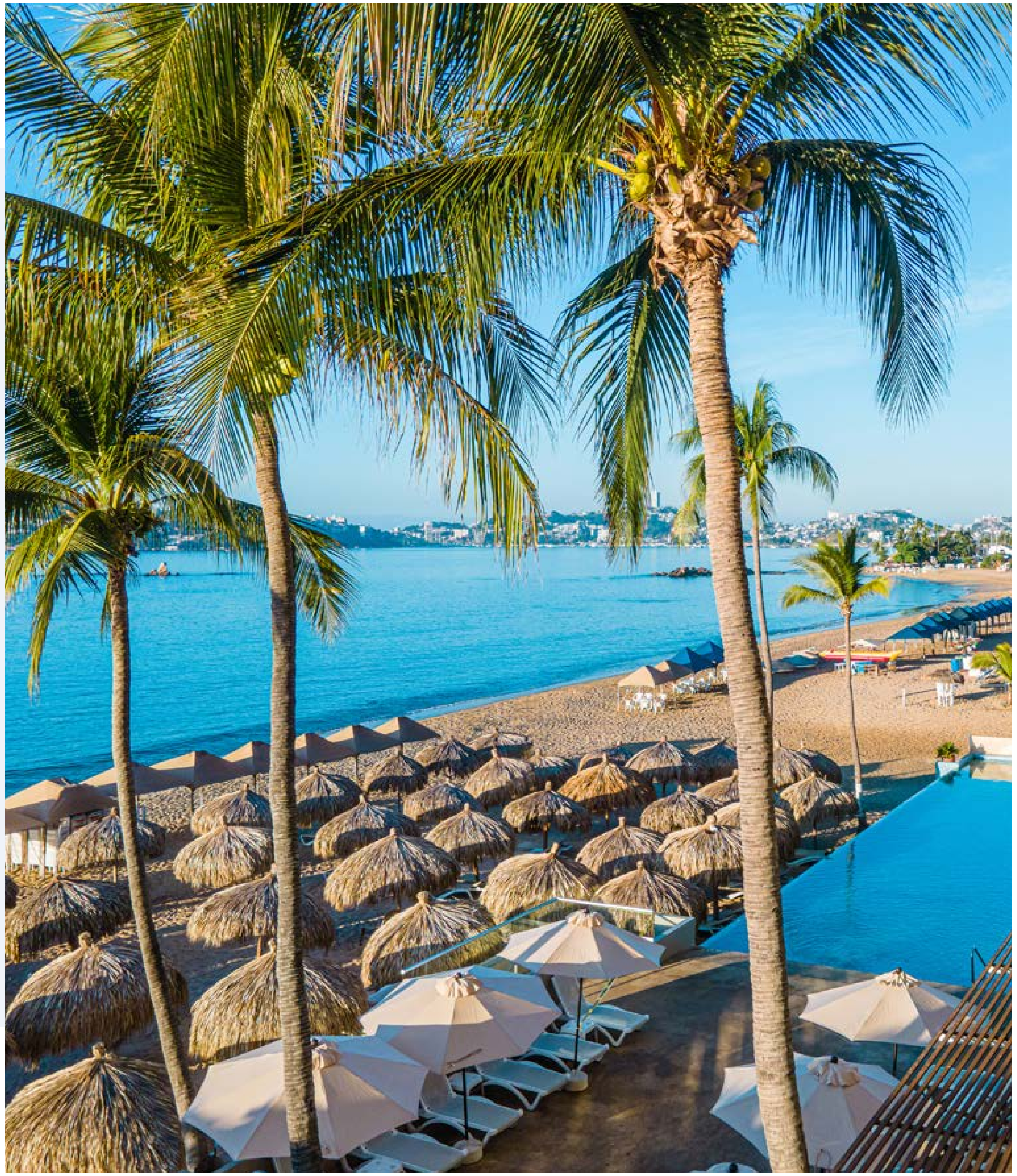
HYATT REGENCY MEXICO CITY INSURGENTES & RESIDENCES
Ciudad de México

ANTICORRUPTION INITIATIVES

We strive to comply with anticorruption best practices, and during this reporting period we continued strengthening our protocols and implementing initiatives that improve results.

Main anticorruption activities:
- Implementation of the Ethics System and the Ethics Hotline at all our hotels
- Antifraud policy
- Monitored compliance with preventing money laundering (PLD)
- General Law of Administrative Responsibilities
- Mystery Shopper evaluations
- Front Desk standardization
- Monitored contracting of specialized services (REPSE)
- Ethical hacking

In 2023, the Internal Audit Area gathered important information on the 23 hotels evaluated, of which 12 are not effective in preventing illegal enrichment. These findings clearly show the need to continue implementing controls and improve process effectiveness.



KRYSTAL BEACH ACAPULCO
Acapulco, Guerrero

ETHICS SYSTEM AND COMPLAINT HOTLINE

Ethical behavior is a pillar of GHSF's culture. We are always working on improving the processes that support the good conduct and behavior of everyone who works or does business with us. The Ethics System and Hotline are tools that promote and facilitate expected behavior, as laid out in our Code of Ethics, which applies to our hotel operations and suppliers.

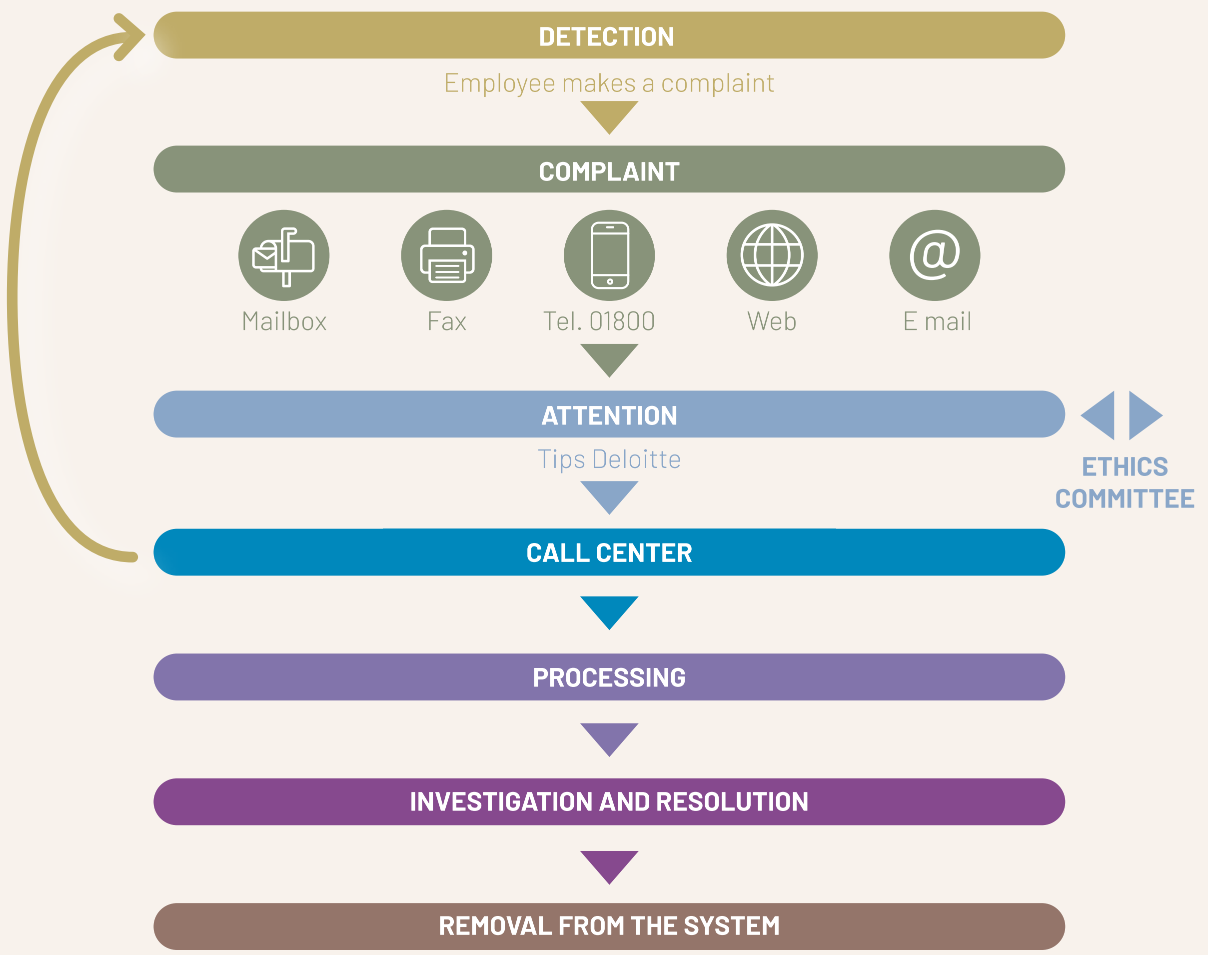
The Ethics Hotline was developed in accordance with best corporate practices, and has several communication channels that make it easy to make a complaint:

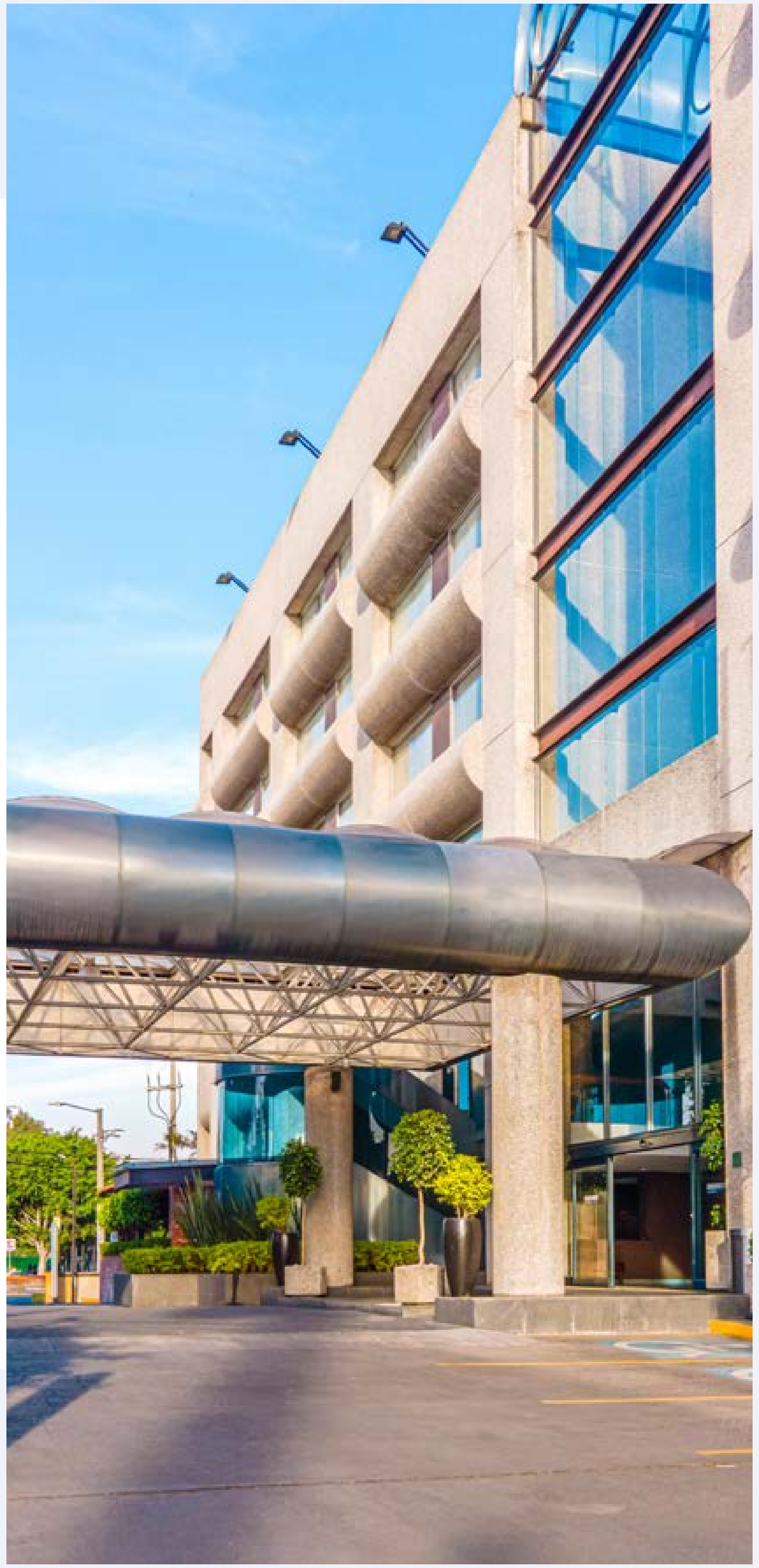
- E-mail
- Web page
- 800 number
- Fax
- Regular mail

This system is run by an external consulting firm, which ensures that the complaints are anonymous, independent, confidential, safe and open to employees, suppliers, guests, and other stakeholders.

This system makes it easy to file complaints regarding irregularities and violations of our Code of Ethics.

HOW COMPLAINTS ARE HANDLED





KRYSTAL URBAN AEROPUERTO
Ciudad de México

Presented below is information on findings in complaints received during 2023:

COMPLAINTS RECEIVED 2023

TYPE OF COMPLAINT	POSITION	STATUS OF THE COMPLAINT
Conflict of interest	1	Closed
Sexual harassment	1	Closed
Theft	2	Closed
Discrimination	3	Closed
Bullying employees	26	Closed
Abuse of trust	3	Closed
Workplace negligence	4	Closed
Workplace violence	3	Closed
Benefits / Unethical treatment with suppliers	1	Closed
Retaliation for anonymous complaints	2	Closed
Use of illegal substances	1	Closed
TOTAL CASES	47	100% CLOSED

COMPLAINTS RECEIVED BY CHANNEL

COMPLAINT CHANNEL	2022	2023
Call center	3	6
E-mail	10	17
Web page	20	24
TOTAL	33	47

ANTIFRAUD POLICY

Fraud in the hotel sector linked to false reservations has increased in recent years. As GHSF is committed to protecting its clients, it has created a Fraud Prevention and Detection Policy, which establishes the guidelines that help control and prevent fraud, while providing tools so that hotels can react correctly in this type of situation, and in conjunction with the marketing area, keep clients informed.

As part of this policy and as a way to react positively to this type of fraud against clients, GHSF authorizes consolation rates and discounts for guests who have been victims of this type of crime, so they can continue with their plans. As part of the process to validate the rate or discount given, the Internal Audit Area evaluates a series of the guest's documents.

MONITORING COMPLIANCE WITH PREVENTING MONEY LAUNDERING (PLD)

For GHSF, 2023 was an important year in terms of ethics and the fight against corruption, as the area for compliance with preventing money laundering and terrorism financing continued consolidating, with a Compliance Officer placed at every hotel. Note that the role of Compliance Officer is essential, as this person is responsible for managing risks related to money laundering in the leasing, construction, and transfer of properties.

The Company must comply with the official provisions of the Federal Law for the Prevention and Identification of Transactions using Illegal Funds (LFPIORPI). GHSF monitored compliance during the year, focusing on complying with every obligation of the Compliance Officers to meet legal provisions and requirements, such as the following:

a) Update of identification thresholds and presentation of warnings.
b) Identification of clients and users.
c) Presentation of warnings and reports.
d) Answering questions posed by the Compliance Officers at each hotel.

In 2023, there was 100% compliance with official provisions of the Federal Law for the Prevention and Identification of Transactions using Illegal Funds (LFPIORPI).

INCOME TAX LAW (ISR)

We took steps to comply with the provisions of article 69-B of the Income Tax Law, which helps ensure that contracts are not entered into with non-existent companies. With this measure, we protect ourselves from the risk of corruption along the value chain.

LAW ON ADMINISTRATIVE RESPONSIBILITIES

In 2023, we continued to provide training and raise awareness of the Company's directors, providing them with more knowledge to prevent corrupt practices within our operations. These principles are established in the Law on Administrative Responsibility, and regulate GHSF's ties with government entities.

MYSTERY SHOPPER EVALUATIONS

This practice has yielded excellent results, as periodic evaluations and anonymous (mystery) clients place GHSF personnel in situations in which they have to make honest decisions. Mystery Shoppers also help identify control failures, thus allowing the Company to mitigate misappropriation of funds.

The Human Resources Department, Senior Management, and the Controller evaluate the results reported by the Internal Audit area, so corrective actions can be taken, and future control failures prevented. These measures include:

a) Terminating employment of personnel involved in misappropriation of funds.
b) Improving supervisory activities (Reception Supervisor, Nighttime Auditor, Revenues Auditor).

As a result of tests, several issues were found, resulting in the following measures:

i. Job termination of 21 employees.
ii. A warning and administrative record issued to five employees.
iii. Improved supervisory activities as described in the Front Desk Standardization Manual.

In 2023, 23 hotels were evaluated , with the result of 12 ineffective and 11 effective assessments.

KRYSTAL URBAN CIUDAD JUÁREZ
Ciudad Juárez, Chihuahua

FRONT DESK STANDARDIZATION

The objective of this project is to strengthen internal controls in hotel reception areas, and to facilitate timely prevention of any activities which, due to their nature, are an inherent risk for effective management. These protocols also facilitate compliance with internal programs in all of our hotels.

These processes have allowed us to minimize the probability of the identified risks occurring, with the main activities taking place in the following areas:

a) Reception
b) Nighttime audit
c) Reservations
d) Accounts receivable
e) Revenue audit

As part of its continuous improvement focus tied to Front Desk control and standardization, in 2023 GHSF provided training totaling 2,048 hours, broken down as follows:

TOTAL TRAINING HOURS PROVIDED ON FRONT DESK STANDARDIZATION

NUMBER	DESCRIPTION	No. OF PARTICIPANTS	HOURS
1	Front Desk standardization for operating systems (Innsist, OnQ, Opera) and standardized supervision forms	49	334
2	Implementation of operating practices	52	1,714
		TOTAL	**2,048 HOURS**

MONITORING CONTRACTING OF SPECIALIZED SERVICES (REPSE)

In order to comply with labor reform in subcontracting, today GHSF has mechanisms to analyze the providers that must comply with this program.

The principal specialized services we contract under these conditions are:

- Private security
- Elevator maintenance
- Maintenance of fire sprinkler system
- Fumigation
- Air conditioning maintenance

In 2023, all contracts were approved by STPS.

ETHICAL HACKING

One of Grupo Hotelero Santa Fe's main responsibilities is to safeguard private, confidential, and valuable information of the Company and of its guests. The increasing number of cyberattacks on companies requires more heavily protected systems and networks, which also requires a deep understanding of attack strategies and of the tactics, tools, and motivations of information piracy. Due to the impact such illegal activities can have, in October 2023, an external company was hired to perform "ethical hacking," with the goal of increasing security levels and verifying that information is adequately protected.

The following tests were performed:

i. Gray box. Detect vulnerability in financial information.
ii. White box. Detect information security issues.
iii. Black box. Detect vulnerability to theft of passwords and confidential information.

Note that in 2024, the plan to protect the Company from vulnerable activities that need attention will be run.

CODE OF ETHICS AND CONDUCT

The ethical culture of Grupo Hotelero Santa Fe is laid out in our Code, which strives to meet the highest interests and values of the Company, and applies to all operations. The Code establishes guidelines so that everyone on our team has solid tools to make decisions that might impact operations and the various stakeholders.

THE CODE OF ETHICS AND CONDUCT INCLUDES THE FOLLOWING

STANDARDS OF CONDUCT

- Conflict of interest
- Measures to prevent conflict of interest
- Use of assets and services
- Information handling
- Measures to prevent improper use of information
- Confidentiality of available information
- Improper use of information
- Criteria to disseminate public information
- Privileged information

CORRUPTION

- Relationships
- Relationships with board members, supervisors and employees
- Obligations of board members
- Obligations of employees
- Prohibitions for board members
- Prohibitions for employees
- Relationship with suppliers
- Relationship with the competition
- Relationship with authorities

WORKING ENVIRONMENT

- Harassment
- Sexual harassment
- Bullying
- Protection of good name and brands
- Respect for labor rights
- Interpretation

Focused on transmitting our values to business partners and suppliers, the Company has a Code of Ethics for Suppliers, whose objective is to ensure price and quality, use of best business practices, and the Group's philosophy.

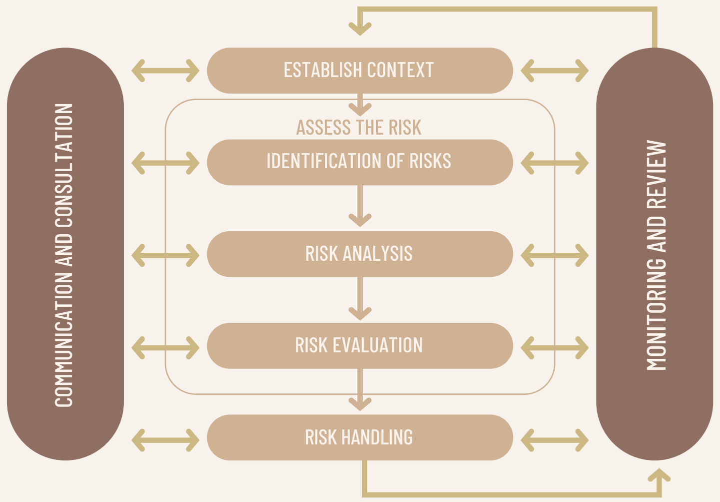
Ethical training is a duty for GHSF, and as it does every year, in 2023 training was provided to all employees regarding policies, processes, and knowledge in ethical and anticorruption matters.

RISK MANAGEMENT

With the objective of identifying, analyzing, and quantifying the probability of losses and secondary impacts arising from our operations, Grupo Hotelero Santa Fe uses a risk management methodology that is based on ISO 31000:2009, which provides principles and directives for analysis and evaluation.

This allows the Group to guide its decisions and directives to users regarding the identification, analysis, evaluation, handling, and review of the types of risk that might be faced, namely: strategic, image, operating, financial, compliance, technological, and corporate corruption, among others.

RISK MANAGEMENT PROCESS



With these types of controls, we reduce the potential impact to operations, achieving our objectives and preventing economic losses that impact the Company's sustainability, as these processes ensure the Company's ongoing business operations.

ETHICAL COMMITMENTS AND GOVERNANCE 2024

CLIENT SERVICE AND AUDITING

- Maintain quality and service levels with the necessary improvements, so our guests will continue to see us positively.
- The Reservations Fraud Detection and Prevention Committee will be formed in 2024, to focus on this issue and to help provide clients with solutions, and to apply guarantees.
- Execution plan on vulnerable activities that need attention.

SUPPLY CHAIN

- Increase the number of suppliers that sign the Code of Ethics letter through the Purchasing Committee at each hotel, and continue to update those that already have letters.
- Continue encouraging our strategic providers to respond to GHSF's Sustainability Questionnaire.

SUSTAINABILITY MANAGEMENT

- Establish a regular quarterly meeting of the Sustainability Board: explain progress and challenges for the Sustainability area.
- Keep hotel management and the Human Resources Department involved in the Sustainability program.
- Improve the quality of information in the indicators reported through the GRI.

Ethical behavior is a pillar in GHSF's culture. We are constantly working to improve the processes that support the best conduct and behavior of everyone who works or does business with us.

At Grupo Hotelero Santa Fe, we go the extra mile to have a team of professionals working at the Company, with a space where they can develop and be inspired.

A GREAT TEAM

GRUPO HOTELERO SANTA FE

WORKING ENVIRONMENT

Year after year, we work hard to provide a working environment where people can grow in a place that provides conditions for their health and safety, as well as opportunities to reach their goals.

The Company's Talent Development area is focused on creating strategies and programs that facilitate the Group's human capital objectives, so it will have able and committed employees who support the business, and who provide the best services with the expected quality, to ensure that each of our guests has an unforgettable experience.

OUR TEAM

Because of Grupo Hotelero Santa Fe's success, we have experienced sustained growth (post-pandemic), and this has resulted in a demand for talent. In 2023, this meant a 26% increase in the workforce, which rose from 3,470 employees in 2022 to 4,359 in 2023, of whom 1,846 are women and 2,513 are men.

MONTHLY TURNOVER BY GENDER AND AGE RANGE

GENDER	AGE	2019	2020	2021	2022	2023
Women	18 to 30 years old	5.13%	11.06%	11.18%	9.9%	9.49%
	31 to 50 years old	3.45%	10.93%	10.53%	9.5%	6.60%
	More than 50	1.26%	2.05%	10.20%	9.6%	4.53%
Men	18 to 30 years old	5.49%	11.70%	9.78%	9.3%	10.33%
	31 to 50 years old	4.21%	10.29%	6.40%	9.3%	6.85%
	Older than 50	1.06%	2.01%	7.79%	9.0%	4.40%
Average Turnover Rate		**3.43%**	**8.01%**	**9.31%**	**9.43%**	**7.47%**

EMPLOYEES - AGE

YEAR	TOTAL EMPLOYEESS
2019	3,702
2020	2,832
2021	3,252
2022	3,470
2023	4,359

EMPLOYEES BY AGE RANGE AND GENDER

WOMEN	2021	2022	2023	MEN	2021	2022	2023
18 to 30 years old	456	553	659	18 to 30 years old	636	689	869
31 to 50 years old	608	601	897	31 to 50 years old	716	763	1,181
Older than 50	297	326	290	Older than 50	539	537	463
Total	**1,361**	**1,481**	**1,846**	**Total**	**1,891**	**1,989**	**2,513**

In 2023, the Company hired 6,964 people, of whom 55 were foreign, while the rest were Mexican.

EMPLOYEES - GENDER

GENDER	2021	2022	2023
Women	1,361	1,481	1,846
Men	1,891	1.989	2,513
Total	**3,252**	**3,470**	**4,359**

NEW HIRES BY AGE RANGE IN 2023

WOMEN	2023	MEN	2023
18 to 30 years old	1,356	18 to 30 years old	1,988
31 to 50 years old	1,250	31 to 50 years old	1,727
Older than 50	256	Older than 50	387
Total	**2,862**	**Total**	**4,102**

One of the challenges of our business is the continuous opening of new facilities, which results in a huge demand for new hires. The opening in 2023 of the hotels Secrets Tulum, Krystal Grand San Miguel Allende, and Hyatt Regency Mexico City Insurgentes & Residences, required the hiring of nearly 1,000 employees, of which 80% occurred in the second half of the year.

GHSF JOBS RECRUITMENT PLATFORM

With a focus on inclusion and professional development, vacantes.gsf-hotels.com is more than a job site: it is a starting point for those ready to leave their mark in the world of hospitality.

Understanding the challenge created by the volume of hires, and to meet the growing needs of the Group and the hotel sector as a whole, the Company innovated by developing a personnel recruitment platform known as "GHSF Jobs." This virtual public tool seeks to attract new talent where - virtually and flexibly - candidates who are interested in becoming part of our team can apply for any of the vacancies available at all our hotels throughout Mexico.

These practices contribute to making information available and impacting how easily and quickly people are hired, and improving our presence as a Group.

RECRUITMENT FOR SPECIFIC NICHES

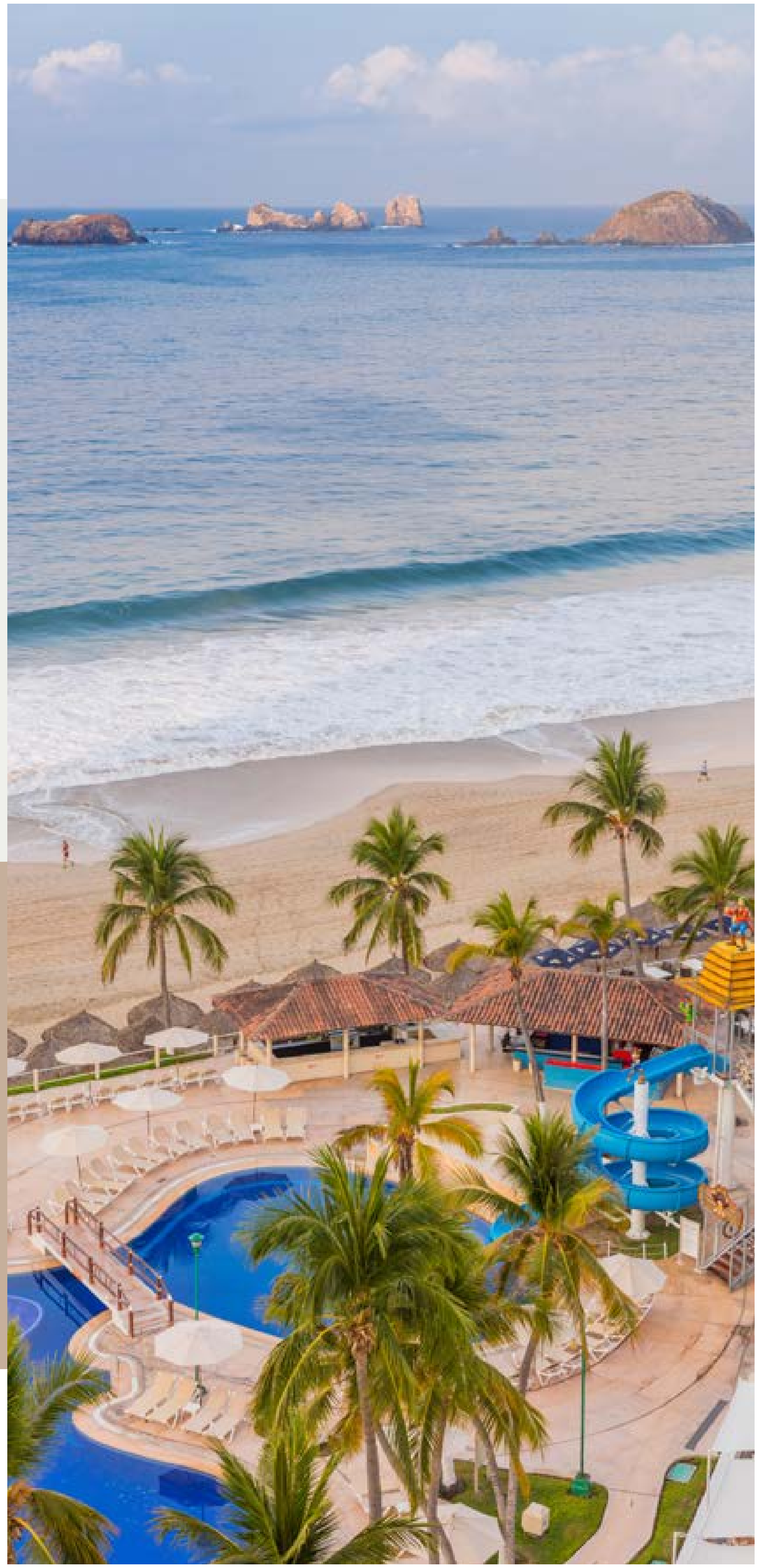
In a changing world, and with an inclusive outlook, Grupo Hotelero Santa Fe, with support from the Marketing area, created an initiative focused on attracting talent in specific niches, such as people older than 60, active students, employees' family members, and mothers with children in daycare.

This program provides opportunities to people in various contexts and with different needs, while also meeting the requirements for seasonal personnel and growth of the workforce.

"Thanks to Hotel Krystal, I have access to daycare, and my hours allow me to divide my time between work and my family."

Lizbeth Olmedo

KRYSTAL IXTAPA EMPLOYEE



KRYSTAL HOTEL & RESORTS IXTAPA

Ixtapa, Guerrero

TRAINING AND EDUCATION

At GHSF we have a clear focus on keeping employees' skills up to date. Our training strategy includes workshops, courses, and presentations that contribute to improving their skills and knowledge, so they can develop professionally and improve their ability to perform their jobs well.

The GHSF University digital platform has played an important role, and has been a strategic ally in facilitating training objectives, and supporting the reach and availability of jobs.

In 2023, through our platform, an average of 30.12 hours of training was provided per employee, through 7,576 courses taken, with a total of 29,385 man-hours of training through GHSF University.

Part of our training strategy since 2015 has included a policy that establishes relevant training areas, and through the Mandatory Training Program, there are training activities for the human resources area, the comptroller, guest-facing personnel, sales, and the Executive Committee, as well as training videos for every position.

Note that our employees receive both obligatory and optional training in various areas that improve their soft and hard skills:

- Preventing bullying and sexual harassment
- PowerPoint, Word and Excel
- General service standards
- Social responsibility
- Ethics and honesty
- Spelling
- Induction or organizational culture
- Managing and controlling stress
- Code of Ethics and Conduct
- The golden rules of service
- NOM-035
- English language

The following are the most relevant training programs offered during the year:

TALENT DEVELOPMENT PROGRAM

Grupo Hoteleo Santa Fe is committed to its vision of growth, and to doing so with its work teams. This makes it easier to provide its stakeholders with the desired results and experiences. Therefore, in 2023, a Talent Development Program was launched for the first time, with participation of 60 employees who were carefully selected to fulfill three main objectives:

1. To strengthen the management culture
2. To ensure continuity of best practices
3. To maintain our ranking in the Top 20 of the best places to work in Mexico

The average age of participants in the Talent Development Program was 30 years old. They were selected using criteria of mobility, schooling, attitude, and especially pride in being part of Grupo Hotelero Santa Fe.

JOB CATEGORY

CATEGORY	NO. PARTICIPANTS	HOURS
Executive Committee	3,027	12,783
Department Heads	4,913	21,416
Operating Personnel	28,936	41,676
Personnel who receive tips	21,920	39,367
Personnel who do not receive tips	7,098	14,000
Technical personnel	497	2,077

TOTAL HOURS

PERIOD	2021	2022	2023
Number of employees	3,252	3,470	4,359
Training hours	61,160	100,610	131,319

HOURS PER CAPITA

CONCEPT	2021	2022	2023
Average per employee	19.32	24.12	30.12

TOTAL HOURS BY GENDER

	NUMBER OF EMPLOYEES	HOURS OF TRAINING
Women	30,318	58,838
Men	36,073	72,481

HOURS PER CAPITA BY GENDER

	2021	2022	2023
Women	8.79	10.93	31.87
Men	10.53	13.19	28.84

The program was created and conducted by Senior Management, with an investment of 1.6 million pesos, comprising five in-person courses, six weeks of online classes, and three weeks of practice in various hotels throughout the country. A wide range of subjects was covered, from strategic communication, personal branding, management skills, mentoring, overall health and leadership, to an inter-hotel executive practices program.

The theoretical and academic phases were held in Mexico City, Puerto Vallarta, and Cancún, with 20 people in each location. The executive practices training phase took place at 18 different hotels, for a total of 11,760 hours of training. All of the participants graduated, and seven people were promoted.

70% of the participants in the Talent Development Program were women. In 2024, a program called Smart Selling will be provided for Sales personnel, as well as an exclusive program with General Managers in Business Strategies.

DISTINTIVO H TRAINING

In order to comply with the hygiene standards established in Mexican Standard NMX-F605, the food and beverages, and maintenance departments at Krystal Grand Puerto Vallarta, Krystal Grand Nuevo Vallarta and Krystal Grand Suites Insurgentes hotels held training to obtain Distintivo H Certification.

TRAIN THE TRAINERS PROGRAM

The objective of this program is to train department heads, who are required to participate in the Train the Trainers course. Participants receive a letter of recognition from Senior Management thanking them for their hard work

Leader guides receive training in:

- Identifying department training needs
- Planning training activities to meet needs
- Skills training
- Departmental orientation for new employees
- Maintaining the department's training records
- Monitoring standards and corrective training whenever necessary

LEADER GUIDE PROGRAM

This is a team of leaders who are responsible for monitoring the training process of newly hired employees, making sure they understand all the functions of their new role, and certifying their knowledge. This program reinforces departmental and operating training.

This program has a policy that is the responsibility of the Human Resources Department. The following positions can be certified:

- Housekeeping
- Stewards
- Waiters
- Bellboys
- Maintenance officials
- Receptionists
- Accounting staff
- Chefs
- Laundry staff
- Public areas
- Security officer
- Telephone operator

KRYSTAL GRAND NUEVO VALLARTA
Course on the formation of the Safety and Hygiene Committee

KRYSTAL CANCÚN
Distintivo H

KRYSTAL GRAND NUEVO VALLARTA
Induction course

In March 2023, Hotel Krystal Resort Puerto Vallarta held a practice session with bellboys. The idea was to reinforce service standards and improve the guest experience.

In October 2023, housekeeping at Hotel Krystal Grand Los Cabos participated in a bed-making competition in the area. It was an experience that improved teamwork, and motivated members of housekeeping to continue improving their daily activities.

ECOLAB PARTNERSHIP

Through a partnership with Ecolab, training is provided in how to manage hygiene in service areas where food for our guests is stored, prepared, and cooked.

During 2023, as part of this partnership, 12 employees at Krystal Urban Ciudad Juárez received training focused on improving cleaning procedures and use of the products used in the hotel. Across all hotels, more than 600 employees were trained in the correct use of chemical and cleaning products.

“LEADER ORIENTATION” WORKSHOP

In order to continue training our department leaders throughout all hotels, we have developed an experience-based program that strengthens the skills and abilities necessary for learning, applying excellence through the "Leader Orientation" workshop. After these interactive and strategy execution sessions, the department heads are ready to provide transformative leadership.

COURSE FOCUSED ON SERVING THE DISABLED

This training was held in July 2023, at all hotels in Cancún, through the training program provided by the International Society of Augmentative and Alternative Communication (ISAAC), which is focused on developing skills to learn how to provide service to disabled guests.

PARTNERSHIP WITH WORLD VISION

At the end of 2023, a collaborative agreement was signed with the non-profit World Vision México. The objective is to collaborate on the Youth Vision Program, which promotes development of life and job skills for young people in vulnerable situations, offering them complete training for employment and life skills.

In this first iteration, 12 young people joined the Krystal Satélite María Bárbara, Krystal Urban Aeropuerto, Krystal Grand Suites Insurgentes, Hyatt Regency Mexico City Insurgentes & Residences and Hyatt Centric León hotels. In 2024, we will continue incorporating new young people into participating work centers, with the objective of expanding the scope and positive impact of the program.

KRYSTAL GRAND PUERTO VALLARTA

Practice with bellboys

KRYSTAL URBAN CANCÚN

Safety and hygiene

KRYSTAL CANCÚN

Training to provide service to disabled guests

KRYSTAL URBAN CANCÚN
Day against cancer

CELEBRATION OF HOLIDAYS

Grupo Hotelero Santa Fe promotes and respects the cultural customs of its team of employees. All hotels put on activities that promote traditions and important days, such as Mother's Day, All Kings Day, Children's Day, Day of the Dead, national holidays, Posadas, Father's Day, Day of the Housekeeper, Peregrinación 12 de Diciembre, and Christmas, among others.

By celebrating holidays, we reinforce values and culture, supporting integration and the feeling of being an important part of the Company. Some important initiatives during the year included:

Hotel Krystal Urban Monterrey organized a pool party for Children's Day, for the children of employees. There was also a tour through the hotel to share experiences about the different types of work done by their family at the hotel. The event concluded with a snack for everyone.

On Mother's Day, our hotels recognized and paid homage to mothers, notably the Krystal Grand Nuevo Vallarta, Krystal Grand Suites Insurgentes and Krystal Cancún hotels, which provided live music and gifts to employees who are mothers.

We took the opportunity of Father's Day to recognize our employees. Three hotels deserve special mention this year. First, Krystal Urban Ciudad Juárez organized a celebratory dinner at Rancho del Arrancadero; Hotel Krystal Grand Vallarta organized a fun soccer game and a traditional Mexican banquet for 60 employees; and Krystal Grand Nuevo Vallarta invited 150 employees to share a special meal, games, and prizes, at a casino-themed event.

Known globally, and also one of the most traditional days in Mexico, Day of the Dead is a celebration that transcends time, honoring the memory of the deceased. The Group's hotels host several events, notably by the employees of hotel Krystal Grand Puerto Vallarta, who placed an altar in the lobby, with exposure and impact for employees and guests. At Krystal Grand Cancún, "Catrinas," the traditional female skeleton figurines, were placed in a beautiful display for everyone to enjoy.

KRYSTAL GRAND SUITES INSURGENTES
Day of the Housekeeper

KRYSTAL MONTERREY
Day of the Dead

KRYSTAL SATÉLITE MARÍA BÁRBARA
Posada

PERFORMANCE EVALUATION

We have development plans and annual performance evaluations. During this reporting period, 100% of our employees received an evaluation and feedback from their supervisors, making it easy to identify training needs.

As with every year, the "9 Box" performance evaluation was carried out. Its purpose is to develop talent according to hierarchy and degree of experience, with the intention of promoting them and driving their professional growth.

POTENTIAL \ PERFORMANCE	LOW	MODERATE	HIGH
HIGH	ENIGMA Diamond in the rough	RISING STAR Prodigy	SUPER STAR
MODERATE	PROBLEMS Advance or out	KEY PLAYER Center	RISING STAR Professional
LOW	ICEBERGS	LUKEWARM Advance or out	ENIGMA Backbone


HOTEL HAMPTON INN & SUITES PARAISO
Evaluation and feedback from supervisors


HYATT CENTRIC CAMPESTRE LEON
Training in service standards

SURVEY ON WORKING ENVIRONMENT

It is fundamental for Grupo Hotelero Santa Fe to know how satisfied its employees are, as well as their perception of the organization. This practice allows areas for improvement to be identified, and creates a positive working environment.

In 2023, 3,080 surveys were sent to employees in 22 functional areas. The survey showed a higher approval percentage of 78.02%, compared to 77.66% in the previous year. We are also ranked 18th among the best companies to work in Mexico, and fourth among the companies in the Hotel and Tourism Sector, according to the ranking of Súper Companies 2023.

As part of the feedback for our team, we will work on areas of improvement, such as remuneration, cafeteria service, communication, working tools, and facilities.

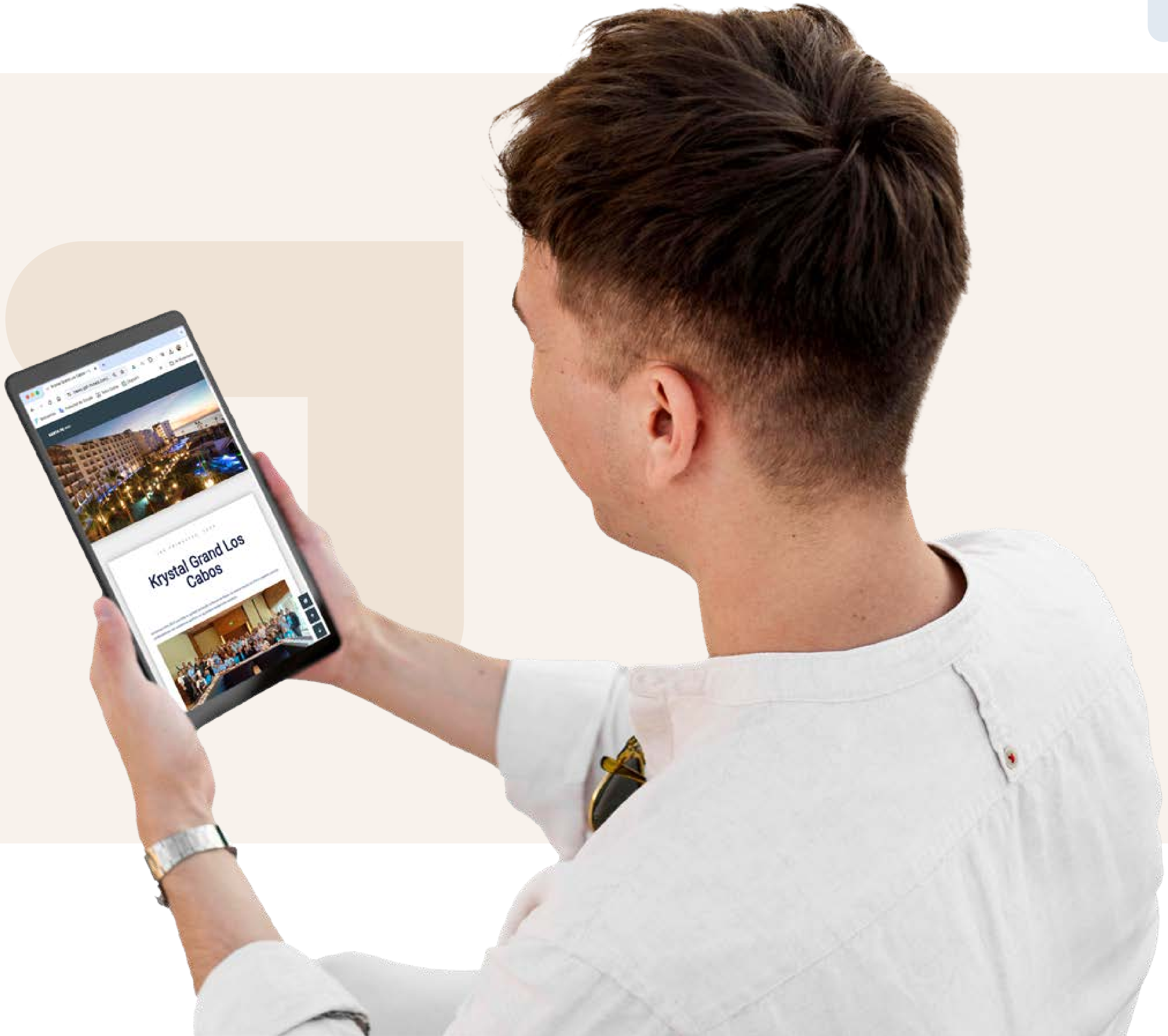
INTERNAL COMMUNICATION

A strategic matter for the success of any organization is to have highly impactful communications. GHSF therefore has prioritized improving its processes and mechanisms of dialogue

Through the Santa Fe News bulletin, which is a valuable digital communication tool, and a space for conversation between the Company and its employees, an environment has been created to share the most relevant activities in each of our operations.

Santa Fe News has had the hoped-for impact, as it reaches all segments of the Organization, with fun content that shares the objectives, achievements, and challenges of the Company and its employees, contributing to information access, and strengthening the feeling of belonging.

For more information, click on:
https://www.magazone.vip/ed07/02-2/



GENDER AND INCLUSION

At GHSF, we are committed to improving processes that contribute to equity and inclusion, which matters are clearly established in our Code of Ethics and in the Gender Equity Policy.

Among the highlighted initiatives is the commemoration of International Women's Day, which was celebrated at 15 of the Group's hotels. This event consisted of promoting activities that support a culture of respect and eradication of gender violence. Among the activities were conferences, courses, and presentations on awareness, as well as healthy workdays, gatherings, and gifts for women who work in our hotels.

In 2023, we were included in the Super Empresas for Women Expansión 2023, ranking eleventh in our category, and third among the companies in the Hotel and Tourism Sector with more than 3000 employees. This is the result of best practices implemented to transition to a more inclusive and diverse world, with spaces to retain female talent. Today Grupo Hotelero Santa Fe is part of a select group of "Culturally Powerful Companies for Women."

In 2023, the best-paid person received 38 times the average of the Organization. The best-paid person received an increase of 6%, and the average percentage for everyone else was 9.4%. This data was taken from all employees at the end of December 2023.

TOTAL NO. OF WOMEN IN LEADERSHIP POSITIONS AT HOTELS

LEVEL	No. OF WOMEN		
	2021	2022	2023
Hotel Directors	3	6	5
Area Managers	32	49	83
Department Heads	72	86	81
Supervisors	87	74	106
Total no. of women in leadership positions	194	215	275
Total of women by year	1,361	1,481	1,846
Percentage of women in leadership positions	14.25%	14.52%	14.90%

RATIO OF BASE SALARY AND REMUNERATION OF WOMEN COMPARED TO MEN

INDICATOR	2022	2023
Executive Committee	-15.10%	-14.30%
Department Heads	0.90%	-0.60%
Managers	-4.90%	-5.60%
Unionized	-7.60%	-5.80%

KRYSTAL GRAND RESIDENCES & VILLAS SAN MIGUEL DE ALLENDE
San Miguel de Allende, Guanajuato

LABOR PRACTICES

We value the contributions of our employees, and seek to provide a safe and healthy working environment, with optimal conditions for employee development and overall well-being.

PARENTAL LEAVE BY GENDER AND RETENTION

YEAR	GENDER	NO. OF EMPLOYEES WITH THE RIGHT TO PARENTAL LEAVE	NO. OF EMPLOYEES WHO RETURNED AFTER PARENTAL LEAVE	TOTAL NO. OF EMPLOYEES WHO REMAINED AFTER 12 MONTHS	RATE OF EMPLOYEES WHO REMAINED WITH THE COMPANY AFTER PARENTAL LEAVE
2020	Women	87	82	78	90%
	Men	40	38	35	88%
2021	Women	71	68	65	92%
	Men	28	26	25	89%
2022	Women	98	94	90	91.8%
	Men	32	32	30	93.8%
2023	Women	58	54	31	53.4%
	Men	2	2	1	50%

For employees not covered by collective bargaining agreements, Grupo Hotelero Santa Fe determines their working conditions as a function of internal information, which are reviewed periodically, contrasting them with salary surveys of the sector, and with a focus on being an interesting company that can attract and retain talent.

FREEDOM OF ASSOCIATION

At Grupo Hotelero Santa Fe we respect the right to collective bargaining and dialogue with unions. All of our collective bargaining agreements comply with the law, and every year we reach new labor agreements. In 2023, 57% of our employees were affiliated with a union.

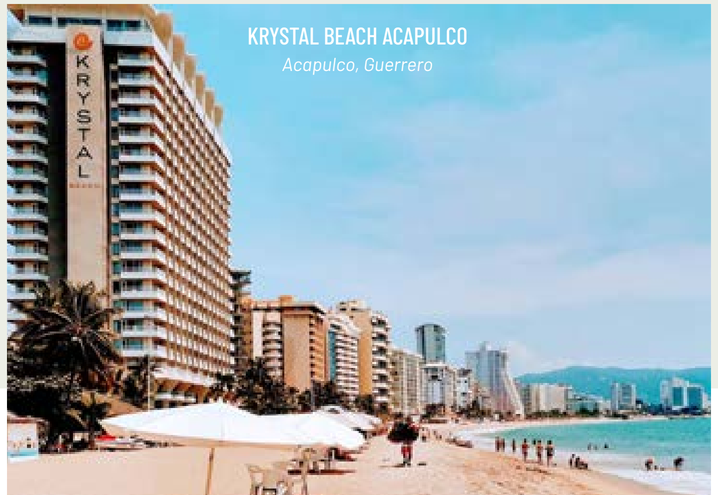
WELL-BEING AT WORK AND QUALITY OF LIFE

We encourage a culture of well-being among our employees, and we support mental and emotional health in a working environment that provides good conditions for health and happiness, as well as a balance between work and family. We have a robust and ongoing program for well-being at work that promotes activities such as adopting healthy habits and an active lifestyle. Some of our most important programs are consultations to take vital signs (weight, height, blood pressure, heart rate), blood samples (to measure glucose levels, cholesterol, and triglycerides), vision exams, and encouragement to participate in sports and culture, among other activities.

BEBÉ KRYSTAL PROGRAM

We celebrate the arrival of new family members, and we invite employees to support future mothers, organizing several activities, such as the "Baby on Board" program, held at the Krystal Beach Acapulco and Hotel Krystal Vallarta hotels.

These types of activities invite the community from other hotels to give presents to future parents as a sign of solidarity and support at the beginning of maternity leave.



Thirty-three employees lost the roofs to their houses, and the Company was the vehicle to collect 250,000 pesos to reconstruct their dwellings.

TENTH ANNIVERSARY OF KRYSTAL BEACH ACAPULCO

In April 2023, Krystal Beach Acapulco celebrated ten years of the Krystal brand. Two hundred employees from different areas participated in a series of activities scheduled over one week. They started with a ceremony of thanks, followed by a marathon on the beach, a rally of physical activities and general knowledge, a Master Chef Krystal competition, a triathlon, soccer tournament, and a competition for the best housekeeper and the best waiter, among other activities.

THIRD-PARTY AGREEMENTS

GHSF has commercial discount agreements for employees and direct family members, for discounts on English classes provided by Harmon Hall. Groups of more than 25 people can take classes inside hotel facilities. This agreement is extended to family members as well.

SUPPORT FOR OUR TEAM AFTER THE DEVASTATION CAUSED BY HURRICANE OTIS

Hurricane Otis was the fifteenth hurricane to hit the Pacific during hurricane season in 2023. The meteorological event occurred on October 24 in the port of Acapulco, Guerrero. Although the hurricane was smaller in size, it still had enormous strength and destructive capacity, which resulted in the loss of human life. This was the strongest hurricane to make landfall on the Mexican Pacific coast, and the first to do so as a category 5 hurricane.

Because of the hurricane, there were mudslides and flooding, which compromised the integrity of numerous urban structures, including Hotel Krystal Beach Acapulco.

Additional support was provided to employees, including:

- Early delivery of bonuses to handle the emergency.
- Temporary employment program in other states, with help in travel, housing, and a contract.
- Employment continuation plan during the reconstruction phase.
- Organization of collection centers, and caravans sent with supplies to the employees impacted during the most critical phase of the emergency.

KRYSTAL BEACH ACAPULCO

Economic support for employees due to Hurricane Otis.

KRYSTAL BEACH ACAPULCO

Relocation of employees due to Hurricane Otis.

KRYSTAL BEACH ACAPULCO

Temporary employment program in other states due to Hurricane Otis.

OCCUPATIONAL HEALTH AND SAFETY

A culture of health and safety is a priority for Grupo Hotelero Santa Fe. People's lives, safety, and health are the highest commitment. Every hotel, therefore, has a clear commitment to comply with the law and regulations, and to establish measures whose objectives are to minimize work-related risks, and thus reduce work-related accidents.

KRYSTAL URBAN MONTERREY
Course on NOM 035 for all employees

RULES AND REGULATIONS

As part of our compliance with the law, we have implemented a Management System that includes compliance with the following rules and regulations:

- NOM-035-STPS-2018 identifies, analyzes, and prevents psychosocial risk factors, while promoting a favorable organizational environment in work locations.
- NOM-001-STPS-2008 for buildings, locations, facilities, and areas at work locations, and safety conditions.
- NOM-010-STPS-2014, detects contaminant chemical agents in the work environment, and establishes evaluation and control measures.
- Article 509 of the Federal Labor Law states that every company or establishment must organize the necessary Safety and Hygiene Commissions, comprised of an equal number of worker and employer representatives.

OCCUPATIONAL SAFETY MANAGEMENT SYSTEM

We understand that the hotel industry is a dynamic sector with risks that must be addressed in favor of the health and safety of people.

At every one of GHSF's hotels, therefore, we have a Mixed Safety and Hygiene Committee, which is responsible for implementing action plans, and prevention and remediation to provide safe working spaces.

The Committee performs evaluations periodically, and monitors facilities to detect unsafe conditions or activities, issuing the corresponding reports with a description of the measures that must be taken to eliminate risks, and it performs follow-up every quarte

ACCIDENT RATE BY GENDER

GENDER	2020	2021	2022	2023
Women	0.30%	0.35%	0.38%	0.5%
Men	0.42%	0.49%	0.52%	0.4%

DAYS LOST RATE BY GENDER

GENDER	2020	2021	2022	2023
Women	0.27%	0.23%	0.23%	0.22%
Men	0.29%	0.24%	0.22%	0.18%

OCCUPATIONAL ABSENTEEISM RATE

GENDER	2020	2021	2022	2023
Women	3.93%	3.24%	3.6%	3.35%
Men	3.53%	3.52%	3.4%	2.52%

THE HACIENDA BY KRYSTAL GRAND VALLARTA
Puerto Vallarta, Jalisco

MANAGING HEALTH

Because supporting a healthy life is part of our culture, we organize health initiatives at our hotels, including: visual health campaigns, monitoring vital signs for timely detection of high blood pressure, and measuring glucose for timely prevention of diabetes, vaccination campaigns against flu, tetanus, and COVID, HIV testing, weight control and nutritional assessments, dental exams, and workshops to manage emotions, among others.

Employees' personal health information is handled according to appropriate privacy standards, in which only medical personnel have access to this information.

We would like to highlight the initiative by Hotel Krystal Ixtapa and another eleven hotels that held visual health campaigns, setting up spaces so that both employees and their family members could take vision tests, with support to make discounted purchases via payroll.

Hotel Krystal Monterrey provided training to more than 50 employees that was focused on an active lifestyle and healthy food. This campaign also provided information on how to prevent diseases such as diabetes.

At GHSF we protect the health of our employees, and by developing preventive programs, we focus our efforts on promoting overall health.

KRYSTAL GRAND NUEVO VALLARTA
General check-ups for our employees.

OCCUPATIONAL HEALTH AND SAFETY

In 2023, the workers who are on the occupational health and safety committees received training focused on the firefighting brigades, fire extinguisher handling, civil protection, first aid, evacuation processes, search and rescue, and several evacuation simulations were run for earthquakes and hurricanes, among other emergencies.

In 2023, all safety personnel received formal training in the specific policies and procedures regarding application of human rights within the context of safety, and we developed processes and activities to ensure safety at our hotels, such as the following:

- Evacuation process led by the Corporate Ethics Committee
- Course on unsafe acts and conditions
- Courses in occupational safety matters

Some of the best practices at our hotels deserve mention, such as those at the Krystal Grand Cancún hotel, which provided first aid workshops on how to care for children in the event of an emergency, or the simulation run by the Krystal Grand Insurgentes hotel, and the other hotels where the brigades entered into action, executing their plans without any setbacks.

KRYSTAL GRAND CANCÚN
First aid course

SAFETY ACTIVITIES AT HOTELS

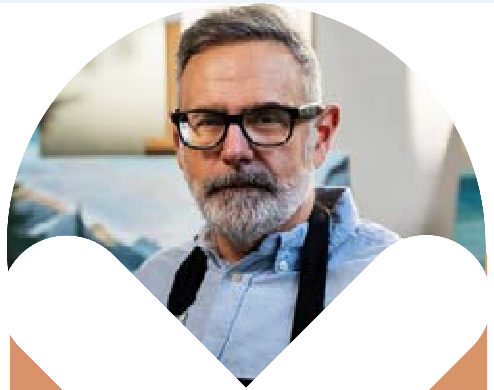
HOTEL	NUMBER OF WORKERS ON THE MIXED SAFETY COMMITTEE	NUMBER OF WORKERS ON THE FIREFIGHTING BRIGADE	NUMBER OF WORKERS ON THE FIRST AID BRIGADE	NUMBER OF WORKERS ON THE EVACUATION BRIGADE	NUMBER OF WORKERS ON THE RESCUE BRIGADE	TOTAL
HILTON GI AEROPUERTO MONTERREY	8	13	17	9	9	56
HYATT CENTRIC	5	5	5	5	5	25
HYATT REGENCY MEXICO CITY INSURGENTES & RESIDENCES	8	6	8	7	5	34
KRYSTAL BEACH ACAPULCO	10	16	16	23	17	82
KRYSTAL CANCÚN	12	22	25	24	19	102
KRYSTAL GRAND CANCUN	10	32	32	27	32	133
KRYSTAL GRAND LOS CABOS	6	40	36	32	34	148
KRYSTAL GRAND NUEVO VALLARTA	24	20	15	30	20	109
KRYSTAL GRAND PUERTO VALLARTA	22	20	15	23	23	103
KRYSTAL GRAND SUITES INSURGENTES	10	16	15	19	12	72
KRYSTAL IXTAPA	10	25	25	22	7	89
KRYSTAL MONTERREY	6	5	5	9	9	34
KRYSTAL SATELITE MARIA BARBARA	7	15	8	13	17	60
KRYSTAL URBAN CANCUN	10	10	10	10	10	50
KRYSTAL URBAN CIUDAD JUAREZ	4	4	4	4	4	20
KRYSTAL URBAN GUADALAJARA	24	4	5	5	4	42
KRYSTAL URBAN MONTERREY	8	3	6	6	6	29
KRYSTAL VALLARTA	8	14	15	10	4	51
MAHEKAL	16	11	14	11	16	68
SECRETS TULUM	12	30	30	25	25	122
TOTAL	**220**	**311**	**306**	**314**	**278**	**1429**

PERSONNEL COMMITMENTS 2024

Maintain and improve health and safety conditions for our teams.

Continue training all employees in ethics and anti-corruption matters.

Roll out the Youth Vision program of World Vision in new hotels, and for new young participants.



Expand the number of hires for specific niches: personnel older than 60, active students, employees' family members, and mothers with children in daycare.

The Personnel Development area of the Company is fully focused on creating strategies and programs that facilitate the Group's personnel objectives.

(GRI 201-2, 3-3, 301-1, 301-2, 301-3, 302-1, 302-3, 302-4, 302-5, 303-1, 303-5, 304-2, 304-3, 304-4, 305-1, 305-2, 306-2,306-3)

Climate change, contamination, water scarcity, and the exhaustion of natural resources are some of the most pressing environmental problems humanity faces.

ENVIRONMENTAL MANAGEMENT

AT GRUPO HOTELERO SANTA FE

COMMITTED TO THE ENVIRONMENT

Companies worldwide have a significant impact on the environment, which must be reversed. At Grupo Hotelero Santa Fe we focus our efforts on identifying relevant environmental aspect and impacts, developing action plans to make efficient use of resources, decrease our carbon footprint, and protect biodiversity in the habitats where we have operations.

ENERGY AND EMISSIONS

Our Company is committed to reducing its environmental impact. One of its major areas of focus is energy consumption, which is highly important in the hotel sector. The Group's strategy is to implement reduction plans through energy efficiency initiatives and new technology.

ENERGY CONSUMPTION

To calculate our emissions of CO2 equivalent, we consider energy consumption from fixed and mobile sources. During this reporting period, the Group's electricity consumption was 57,246,185 kWh.

GREENHOUSE GAS EMISSIONS (GHG)
SCOPE 1 AND 2 DIRECT GHG EMISSIONS [1]

In 2023, direct emissions generated by GHG Scope 1 came from consumption of LPG, diesel, gasoline, and natural gas. Indirect GHG Scope 2 emissions are generated by consumption of electricity inside hotel facilities for services such as lighting, heating, and air conditioning. In 2023, the Group generated a total of 32,601 tons of CO2 equivalent.

ELECTRICITY CONSUMPTION

YEAR	kWh
2019	59,101,277
2020	38,587,426
2021	51,634,838
2022	57,094,247
2023	57,246,185

SCOPE 1 GREENHOUSE GAS EMISSIONS

TYPE OF FUEL	TON CO2eq.
LP Gas	6,369.63
Gasoline	63.60
Diesel	1,025.58
Natural Gas	0.99
Total	**7,459.81**

FOSSIL FUEL CONSUMPTION 2023

YEAR	TOTAL IN LITERS
LP Gas	3,864,315
Gasoline	24,979
Diesel	357,293
Natural Gas	452,225

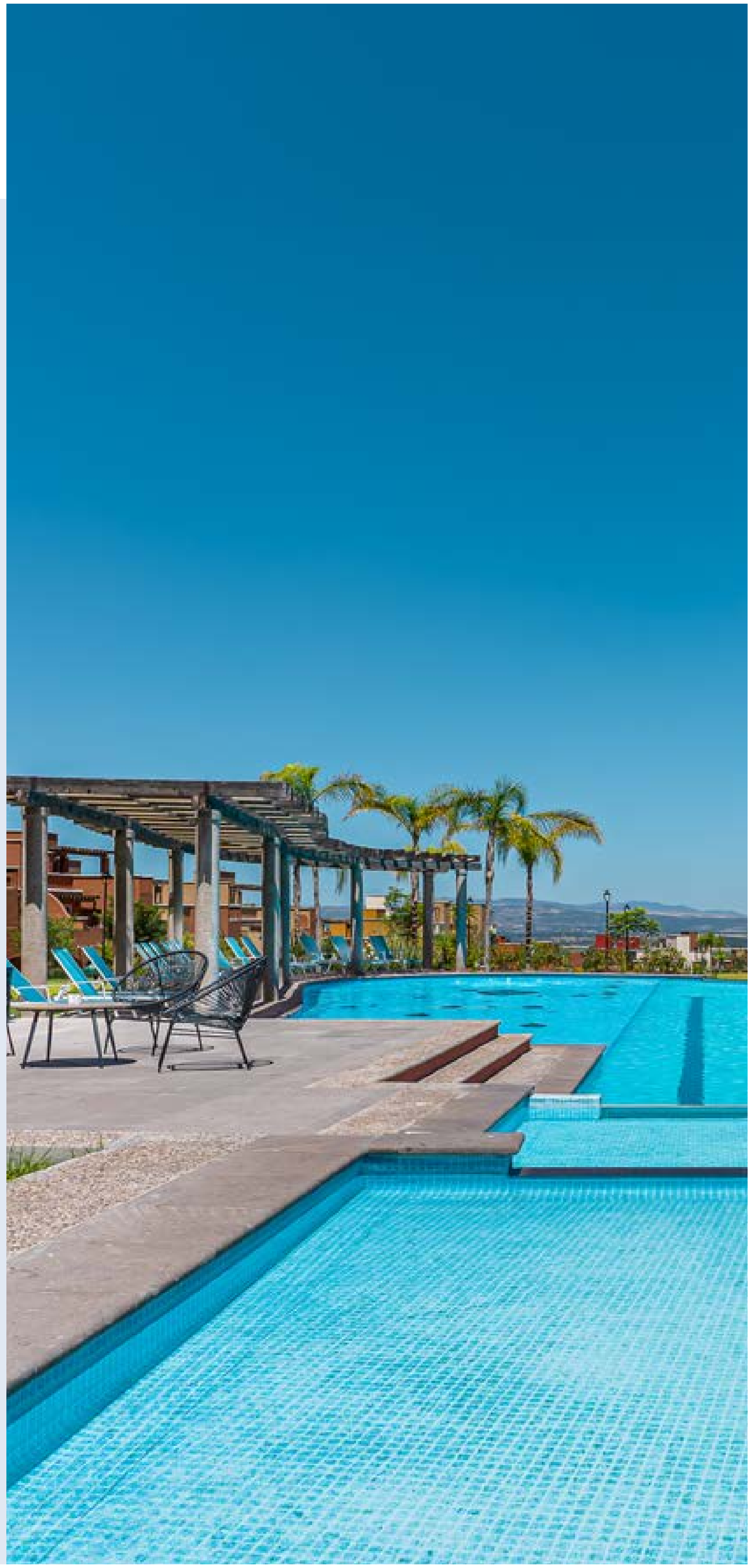
TOTAL SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS

GHG EMISSIONS	2022	2023
Direct Scope 1 Emissions in Ton CO2 eq..	8,243.23	7,459.81
Indirect Scope 2 Emissions in Ton CO2 eq.	26,483.74	25,141.42
Total Emissions Scopes 1 and 2	**34,726.97**	**32,601.23**

1. The reduction shown in the data derives from changes in the assumptions, in which the following were considered for the calculation:
- It is assumed that the group of hotels in the current inventory does not have its own or personalized Emission Factors to calculate CO2 eq. emissions, therefore, the Emission Factors suggested by the National Emissions Registry (Registro Nacional de Emisiones - RENE) are used for the report on compound emissions and greenhouse gases.

- All electricity considered to estimate indirect emissions of the hotels comes from the network run by the Federal Electricity Commission (Comisión Federal de Electricidad - CFE), therefore, the Emission Factor provided by the CFE for the year 2023 was used for the calculation.
- The LP Gas used by the hotels is used mainly to generate thermal energy, and therefore Emission Factors related to thermal energy production for fixed sources was used.

- Fuels such as gasoline and diesel reported in the activity data of the hotels are all used in mobile combustion sources.
- By not providing other activity data related to possible fugitive emissions of CO2eq. or other Scope 1 emissions, it is assumed that there no other unit operations that generate this type of emissions, and that impact the final calculation and quantity of emissions reported in this inventory of emissions of CO2eq..
- The Krystal Beach Acapulco hotel did not report environmental indicators as of October 2023, due to the impacts from Hurricane Otis.



WATER

We are aware of the need to protect and correctly manage this resource,

while simultaneously complying with the objectives established by the UN in the SDGs, as we seek to contribute to its proper use and management.

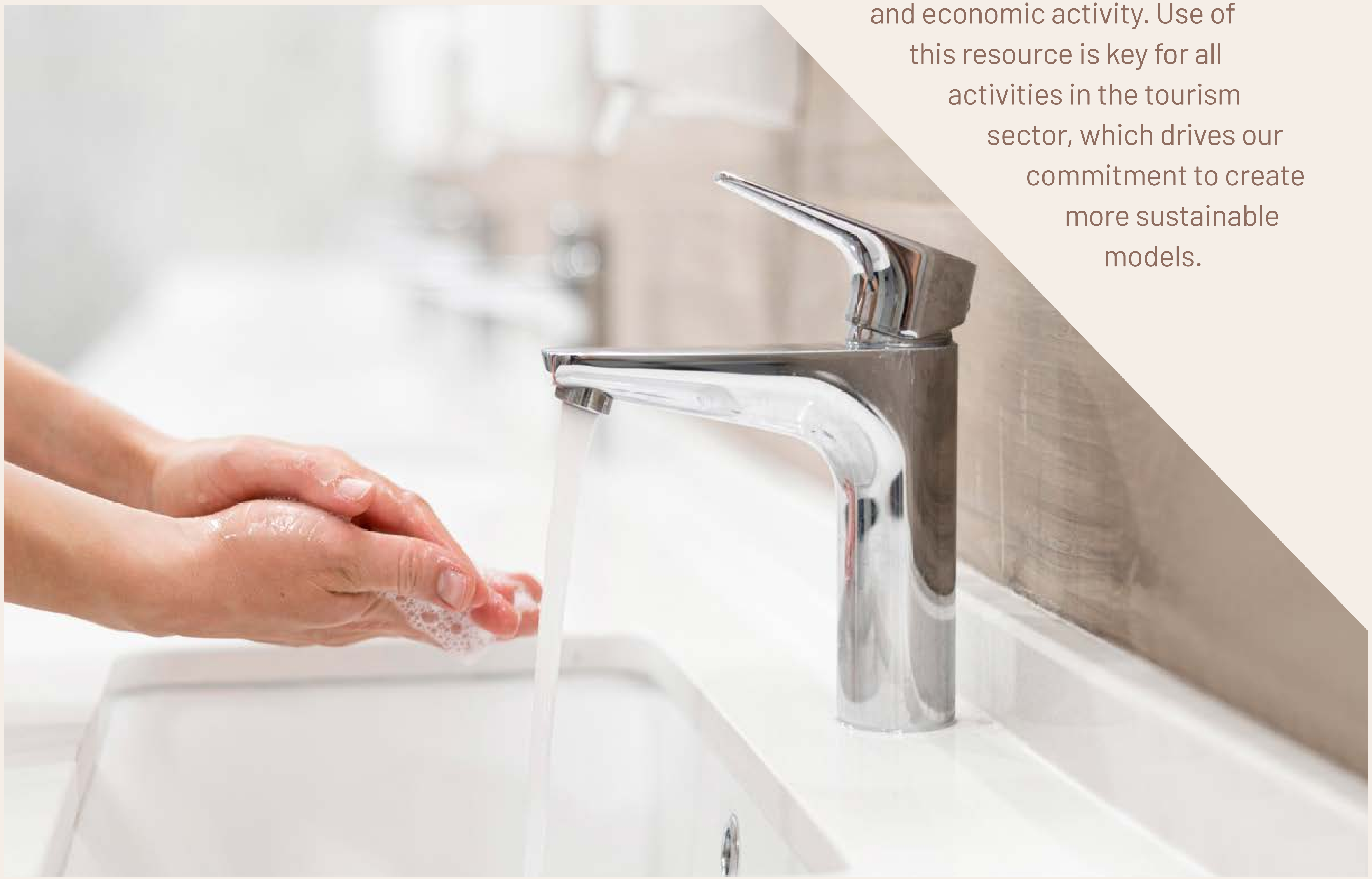
As part of our strategy to mitigate the impact generated by our operations on water consumption, we have implemented technologies that allow us to save and treat the water we consume in each of our hotels.

We are also continuously rolling out campaigns to raise guest awareness, proposing steps to voluntarily reuse towels, which reduces the number of times they must be laundered, thus reducing their replacement rate.

In 2023, our total water consumption including all our operations was 1,381,788 m3.

WATER CONSUMPTION

YEAR	VOLUME OF m3
2019	1,340,996
2020	725,832
2021	1,125,989
2022	1,321,293
2023	1,381,788



Water is an essential resource for the survival of the planet. Water is under pressure due to population growth and economic activity. Use of this resource is key for all activities in the tourism sector, which drives our commitment to create more sustainable models.

WASTE

Grupo Hotelero Santa Fe has a procedure to manage waste that allows us to adequately dispose of hazardous and non-hazardous waste generated in our hotels.

BEST WASTE MANAGEMENT PRACTICES

Every hotel in the Group is led by its managers, men and women who are dedicated to service and quality. These people work hard to implement and manage numerous programs according to the needs and focus of each specific hotel. Among these practices are the following:

The Krystal Grand Cancún hotel organized a training session provided by Bióloga Marina Flor Marina de la Cruz to educate employees on how to handle and separate waste in the different areas of the hotel.

Through the Department of the Environment and Natural Resources of the State of Guerrero, the Krystal Ixtapa hotel participated in the exchange of hotel waste, such as cardboard, household appliances, paper, and bottles, for recycled items and plants.

The Krystal Grand Vallarta hotel held an event to integrate and raise the awareness of employees on International Mother Earth Day, which consisted of making flower pots using recycled material, thus repurposing inorganic waste.

With these and other activities implemented at our hotels, we seek to create awareness regarding the importance of protecting the planet, and continuing with our environmental improvement activities.

GENERATION OF WASTE

YEAR	NON-HAZARDOUS WASTE
2019	1,481,719
2020	895,375
2021	1,547,606
2022	2,264,471
2023	3,256,091

KRYSTAL GRAND VALLARTA
International Mother Earth Day, creation of flower pots using recycled material.

BIODIVERSITY

Our hotels are located in natural environments that must be protected and preserved. Therefore, at Grupo Hotelero Santa Fe we have created programs to safeguard the ecosystems where we operate, such as saving sea turtles and cleaning up beaches.

MARINE TURTLE PROTECTION PROGRAM

At GHSF 2013 we are proud to celebrate 10 years since the implementation of our signature sea turtle protection program in 2013.

We are currently protecting two species of turtles that are in danger of extinction: the white turtle, and the hawksbill turtle. In 2023, we protected 7,426 eggs, which had a hatch rate of 87%.

This program begins when turtles arrive on the beaches, and it ends when the hatchlings are released and begin their journey to the ocean. This program increases their chances of survival.

During the year, our hotels Krystal Grand Cancún, Krystal Resort Cancún and Krystal Grand Cancún held training workshops and awareness activities for employees and guests, with the objective of transmitting the care we must take to preserve this species that is in danger of becoming extinct.

The Krystal Cancún hotel was recognized by the local authorities for its participation in protecting and conserving sea turtles on the beaches of Benito Juárez in Cancún, Quintana Roo.

We understand the importance of protecting the ecosystems in our country. Currently seven of the eight species of marine turtles recognized globally nest on Mexico's beaches.

BEACH CLEAN-UP

At Grupo Hotelero Santa Fe we are aware of the consequences that human activity has on coastal and marine ecosystems. Our commitment drives us to protect our beaches, as we focus on the commitment of our people, and the awareness of the population and guests.

Best cleaning practices at Hotel Krystal Grand Cancún are noteworthy, as it organized a volunteer beach clean-up activity in which more than 45 kilograms of waste was collected, including micro trash, cans, and cigarette butts. Krystal Grand Vallarta also held a similar activity on the beaches near the hotel, in which 10 employees participated, and the Krystal Cancún hotel joined the cause in coordination with the Ocean Conservancy Foundation. Finally, Krystal Grand Puerto Vallarta held a collection event, organized an educational chat provided by the municipal authorities, and invited employees, hotels, neighbors, and sellers.

KRYSTAL GRAND CANCÚN
Beach clean-up

KRYSTAL GRAND CANCÚN
Beach clean-up

WORLD WHALE DAY

In February 2023, Hotel Krystal Resort Cancún held a competition for families and guests in which participants created whale sculptures in the sand. The idea was to raise awareness about the risk these marine mammals face, and why they are so important in the balance of life in the oceans.

ENVIRONMENTAL AWARENESS

At GHSF we know that natural resources must be stewarded, protected, and used responsibly and rationally. Therefore, at all of our hotels we develop programs and activities that provide a space for reflection to create awareness among employees, guests, and the wider population.

Among the important activities, we commemorate important environmental days such as International Plastic Bag Free Day, World Environment Day, World Bicycle Day, Sustainable Gastronomy Day, Arbor Day, World Oceans Day, and International Day for the Conservation of the Mangrove Ecosystem.

Krystal Grand Vallarta organized a beach volleyball tournament with an environmental focus. The competition took place between several different hotel departments, with nearly 70 participants. A talk was also given on the importance of protecting the environment. In addition, for World Water Day, an informative bulletin about the importance of protecting this vital resource was distributed to 250 employees. Hotel Krystal Cancún invited employees to report water leaks using boxes strategically located in its facilities, and tips for conserving water were shared.

SECRETS

Tulum, Quintana Roo

MAHEKAL

Playa del Carmen, Quintana Roo

KRYSTAL GRAND VALLARTA

Beach volleyball tournament

ENVIRONMENTAL COMMITMENTS 2024

PROGRAM TO VERIFY ENVIRONMENTAL ISSUES

Evaluate the performance of all hotels in order to create an environmental efficiency plan and program.

IMPROVE ENVIRONMENTAL MANAGEMENT

Improve means of communication between corporate and the hotels to measure environmental impacts.

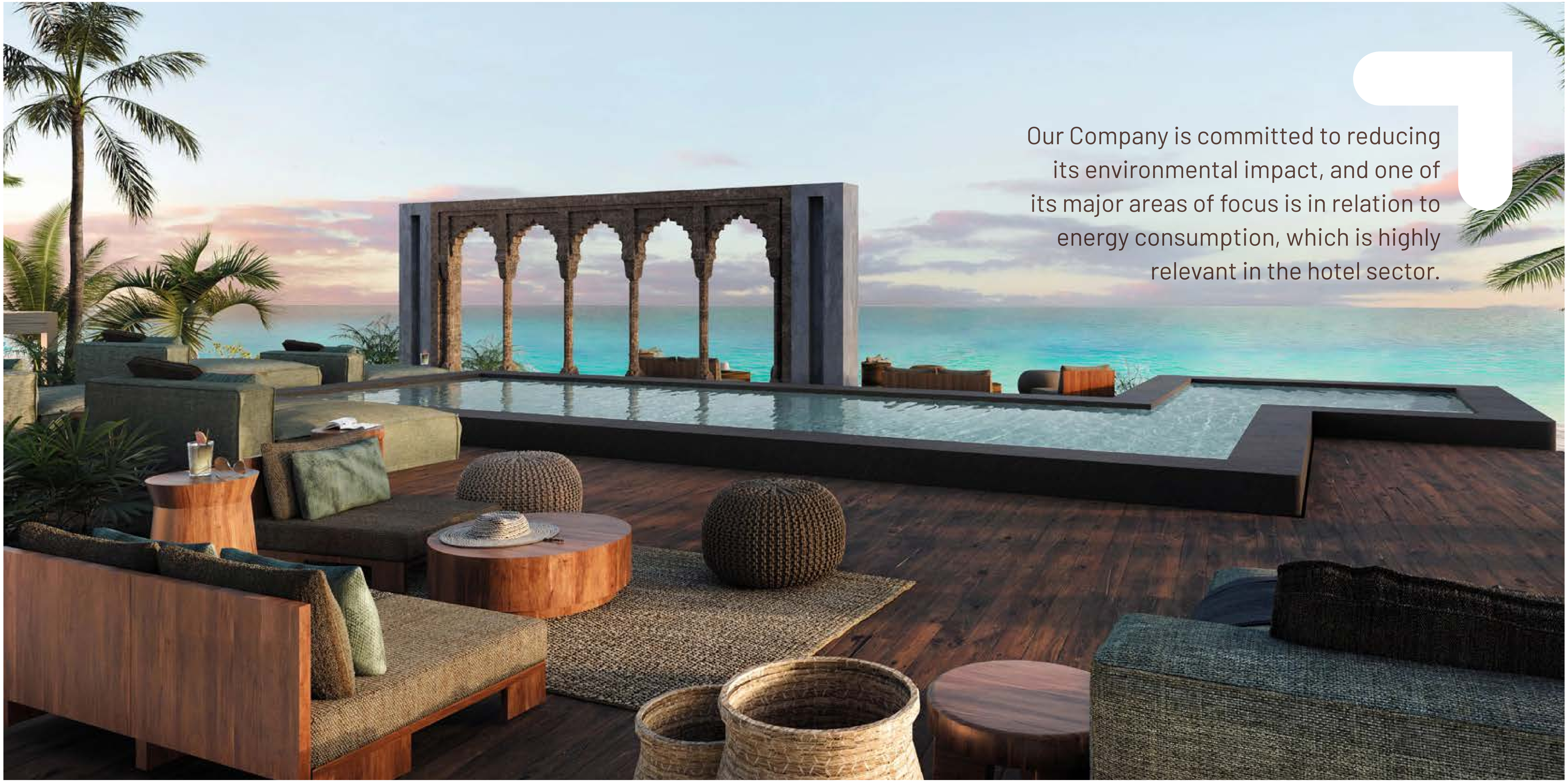
OUR INNOVATIVE INITIATIVES

Improve our energy performance.

Measure Scope 1 and 2 carbon footprint at all hotels.

WASTE AND THE VALUE CHAIN

Establish points of communication to develop synergies with suppliers in order to reduce waste generation, and support alternatives to prevent final disposal.



Our Company is committed to reducing its environmental impact, and one of its major areas of focus is in relation to energy consumption, which is highly relevant in the hotel sector.

(GRI 2-29, 3-3, 413-1)

At GHSF we are aware of the positive impacts that come from helping the most vulnerable groups.

OUR COMMUNITY

AT GRUPO HOTELERO SANTA FE

TIES TO THE COMMUNITY

The hotels put on activities that allow us to contribute to the sustainable development of communities, and to contribute to improving their quality of life.

Among the most relevant social initiatives, we would like to mention the following:

NATIONAL CODE OF CONDUCT FOR THE PROTECTION OF CHILDREN AND ADOLESCENTS IN THE TRAVEL AND TOURISM SECTOR (CCN)

We at GHSF are proud to celebrate 10 years of an instrument created by the Mexico Secretary of Tourism as a commitment to which the tourism industry can voluntarily adhere, to protect children and adolescents against sexual exploitation and child labor, and to create awareness among tourists to support responsibilities and commitments, which in turn project an image of safe tourism in our country:

- Krystal Ixtapa
- Krystal Vallarta
- Krystal Grand Nuevo Vallarta
- Krystal Urban Monterrey

DONATION OF BEDDING AND TOWELS

Sheets, blankets and towels are collected and sent to several different locations:

- Krystal Cancún allocated a part of its donation to Fundación Sam, so that by selling these products they can obtain funds to purchase food for mistreated dogs that are now in their shelter. Other funds were distributed to different associations and institutions that work on social projects, such as the DIF in Puerto Morelos and Fundación Ciudad de la Alegría, which supports different vulnerable communities, and Fundación Desde Cero, which supports women and children in the prison in Cancún.
- Hotel Krystal Urban Ciudad Juárez donated bedding and towels to Casa Hogar Niños Siempre Victoriosos, A.C., which serves 40 children.
- Hotel Krystal Beach Acapulco donated sheets to Asociación Mexicana de Ayuda a Niños con Cáncer (AMANC) in Guerrero. It also made a donation of eight folding cots, basic necessities, and sheets to Albergue Gustavo Teliz, which helps people living on the street.

KRYSTAL CANCÚN

Contribution with a donation of bedding and towels, benefiting the citizens of Cancún

KRYSTAL CANCÚN

Donation to Asociación Civil "Ciudad de la Alegría" of toilet paper, clothing, shoes, crockery, and trash cans.

KRYSTAL URBAN CIUDAD JUÁREZ

Donation of sheets to Casa Hogar Niños Siempre Victoriosos, A.C.

KRYSTAL BEACH ACAPULCO

We attended the commemoration of International Childhood Cancer Day put on by AMANC Guerrerol

KRYSTAL GRAND NUEVO VALLARTA

Support with recyclable caps to Organización Ángeles de Libertad.

SUPPORT FOR CHILDREN WITH CÁNCER

Our Krystal Ixtapa, Krystal Grand Cancún, Krystal Cancún and Krystal Beach Acapulco hotels hold ongoing campaigns to collect plastic caps to support cancer treatments for children at AMANC.

Krystal Beach Acapulco organized a delivery of gifts, a clown show, and a breakfast for children with cancer, at Hospital de Cancerología.

CROSSING TO ISLA MUJERES

Our Krystal Cancún hotel offered a free stay to Olympic swimmer Patricia Kohlmann during the Crossing to Isla Mujeres, an international event for expert swimmers. The hotel also gave a talk about the importance of protecting sea turtles.

DONATION OF GAMES

All Kings Day

Hotel Krystal Beach Acapulco donated games to the Juguetón 2023 container, which were delivered to underprivileged children by Fundación Azteca.

KRYSTAL GRAND CANCÚN

Ongoing campaigns to collect plastic bottle caps to support AMANC's treatment of children with cancer.

Hotel Krystal Grand Los Cabos made a donation of games and blankets to 20 families living on the street.

Hotel Krystal Monterrey brought children at Casa Hogar Ortigoza a little cheer, with 40 employees participating in the delivery of games.

Children's Day

In April, Krystal Beach Acapulco also celebrated Children's Day, sharing cake and gifts with more than 200 children from the community. Our employees dressed up as superheroes to celebrate with children on their day.

Hotel Krystal Grand Vallarta collected games with the city to bring happiness to underprivileged children, celebrating Children's Day with the delivery of the gifts.

PASITOS DE LUZ

In 2023, our employees at Krystal Grand Nuevo Vallarta gave away certificates for two free stays at the annual event Pasitos de Luz, which celebrates children with disabilities from families with scarce resources. The money collected allows them to continue with their social purpose.

ÁNGELES EN LIBERTAD

Our hotel Krystal Grand Nuevo Vallarta supports this non-profit organization by collecting recyclable products, such as caps and paper. These materials are offered to people in vulnerable situations due to illness, so they can obtain funds for their treatment.

SUPPORT FOR EDUCATION

Hotel Krystal Monterrey hosted a breakfast for students of CONALEP and guidance on how to conduct themselves professionally. Hotel Krystal Grand Nuevo Vallarta welcomed 11 new students in the Dual System.

NATIONAL FIREFIGHTER'S DAY

The Krystal Beach Acapulco hotel donated 2-day pass certificates, breakfast buffets, and a hotel stay, which were raffled off in a party hosted by Heroico Cuerpo de Bomberos del Puerto.

DONATIONS TO ORGANIZATIONS THAT SUPPORT THE ELDERLY

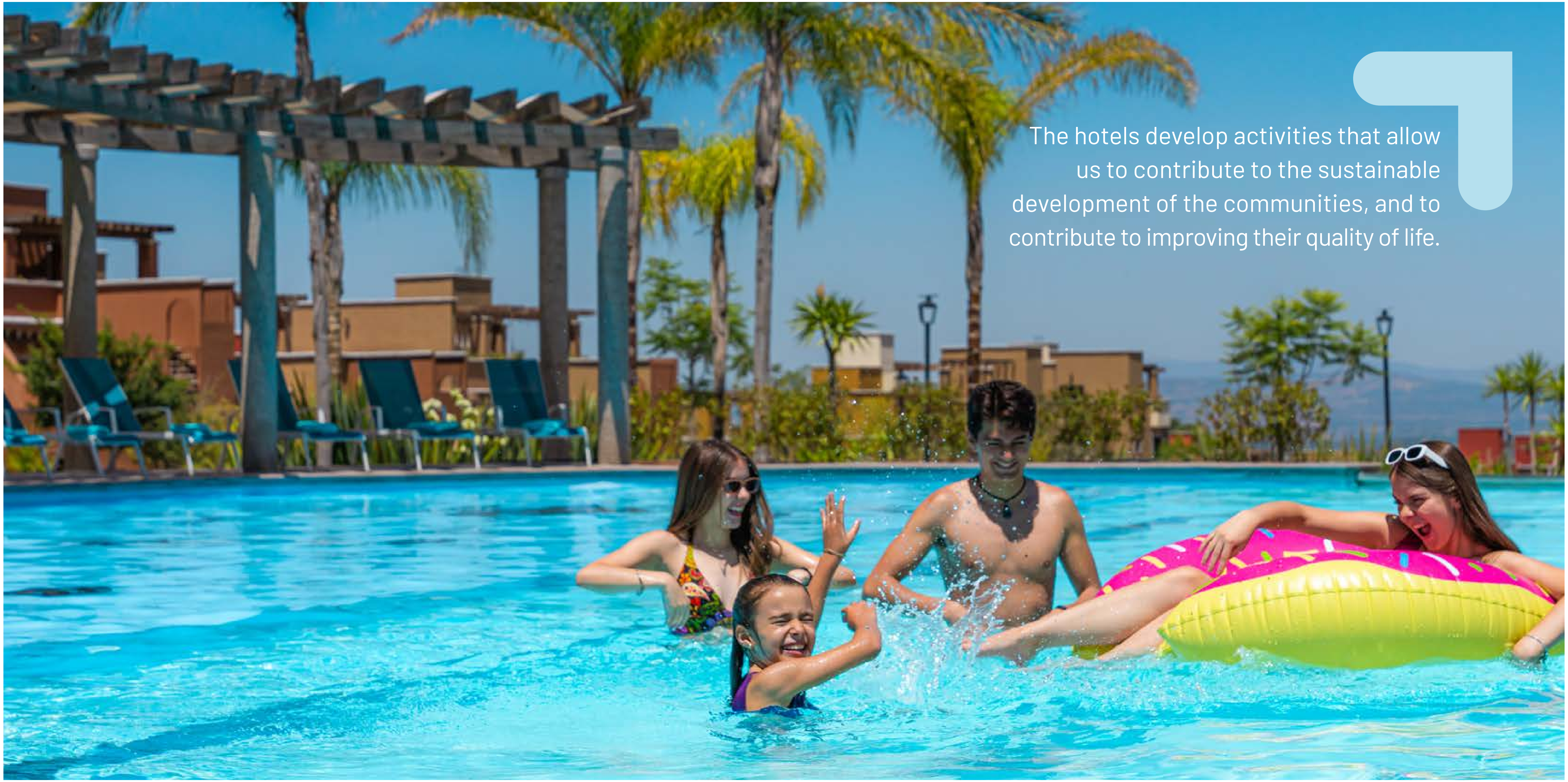
A donation was made in August 2023 to Centro de Atención para el Adulto Mayor by Hotel Grand Puerto Vallarta. Employees were invited to voluntarily donate articles for the elderly in a container placed on the hotel's premises for one week. On the day of delivery, several employees attended the meal, enlivened by music and a singer, followed by a recreational event.

COMMITMENTS TO THE COMMUNITY 2024

THE COMMUNITIES WHERE WE OPERATE:

Have 100% of our hotels sign the National Code of Conduct for the Protection of Children and Adolescents in the Tourism and Travel Sector (SECTUR).

Continue implementing social and environmental programs in a partnership between corporate and the hotels in every state where we operate.



The hotels develop activities that allow us to contribute to the sustainable development of the communities, and to contribute to improving their quality of life.

(GRI 2-2, 2-3, 2-4,2-5, 2-14)

ABOUT THIS REPORT

We are pleased to share the fifth Annual Sustainability Report of Grupo Hotelero Santa Fe with our stakeholders.

This document is a reflection of how significant it is for our Company not only to monitor performance indicators in social and environmental matters, but also the importance of communicating our findings with all our stakeholders.

This 2023 report has been prepared referencing GRI standards, and has been approved as complying with the 10 Principles of the Global Compact and the Sustainable Development Goals, both of which are United Nations initiatives.

The period covered by this report is January 1 to December 31, 2023.

Please direct any questions about this report to:

Maximilian Zimmermann Canovas
Director of Investor
Relations and Sustainability

Contact email: mzimmermann@gsf-hotels.com

GRI INDEX

STANDARD	CONTENT	CONTENT TITLE	PAGE
GRI 1 FOUNDATIONS 2921. APPLIES ACROSS THE REPORT			
GRI 2 GENERAL CONTENT			
The organization and its business practices	GRI 2-1	Organizational details	3, 8, 13
	GRI 2-2	Entities included in the organization's sustainability reporting	"Hotelera Chicome, S. A. de C. V. Inmobiliaria en Hoteleria Vallarta Santa Fe, S. de R. L. de C. V. Hotelera Caracol, S. A. de C. V. Chartwell Inmobiliaria de Monterrey, S. de R. L. de C. V. Chartwell Inmobiliaria de Juarez, S. de R. L. de C. V. Promotora Turistica Mexicana, S. A. de C. V. Inmobiliaria Hotelera Cancún Urban, S. de R. L. de C. V. Grupo Hotelero SF de México, S. de R. L. de C. V. Grupo Inmobiliario 1991, S.A. de C.V. Inmobiliaria en Hotelería Cancun Santa Fe, S. de R. L. de C. V. Moteles y Restoranes Maria Barbara, S. A. de C. V. Consorcio Hotelero Aeropuerto Monterrey, S. A. P. I. de C. V. Yaman, S. A. de C. V. SF Partners II, S. de R. L. de C. V. Servicios Hoteleros Metropolitanos, S. A. de C. V. Operadora Inca, S. A. de C. V. Inmobiliaria Hotelera del Bajio SF, S.A de C.V. Promotora Los Angeles Cabos, S. A. de C. V. Servicios Integrales PIN, S.A. de C.V. Arrendadora Los Angeles Vallarta, S.A. de C.V. Servicios Integrales Parimba, S.A de C.V. HPC Santa Fe, S.A. de C.V"
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	GRI 2-11	Chairperson of the highest governance body	7, 39
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	GRI 2-13	Delegation of responsibility for managing impacts	38, 39
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GRI 201 ECONOMIC PERFORMANCE			
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GRI 301 MATERIALS			
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MD&A 2023

CONSOLIDATED FINANCIAL RESULTS

Figures in thousands of Mexican pesos	2023	12 months ended December 31 2022	Var.	% Var.
INGRESOS				
Room Revenue	1,455,751	1,302,470	153,281	11.8
Food and Beverage Revenue	1,215,912	1,017,326	198,585	19.5
Other Revenue from Hotels	150,578	200,097	(49,519)	(24.7)
Vacation Club	46,806	46,675	131	0.3
Third-Party Hotels' Management Fees	90,160	85,750	4,410	5.1
TOTAL REVENUE	**2,959,207**	**2,652,319**	**306,889**	**11.6**
COST AND EXPENSES				
Operating Costs and Expenses	1,439,305	1,343,045	96,259	7.2
Sales and Administrative	611,481	496,574	114,907	23.1
Property Expenses	41,203	35,917	5,286	14.7
Vacation Club Cost	27,511	27,632	(121)	(0.4)
Depreciation and Amortization	307,314	281,203	26,111	9.3
TOTAL COSTS AND EXPENSES	**2,426,814**	**2,184,371**	**242,443**	**11.1**
Development and hotel opening expenses	29,042	18,100	10,942	60.5
Other non-recurring expenses	123,103	95,257	27,845	29.2
TOTAL	**152,145**	**113,358**	**38,788**	**34.2**
ADJUSTED EBITDA	**839,708**	**749,151**	**90,557**	**12.1**
Adjusted Ebitda Margin (%)	28.4%	28.2%	0.1 pt	0.1 pt
OPERATING INCOME	**380,248**	**354,590**	**25,658**	**7.2**
Operating Income Margin (%)	12.8%	13.4%	(0.5 pt)	(0.5 pt)
Profit from sale of subsidiaries	(310,331)	-	(310,331)	NA
Net interest expenses	(249,770)	(109,409)	(140,362)	NA
Net foreign currency exchange	279,591	106,803	172,788	NA
Other financial costs	(9,567)	(9,849)	282	(2.9)
Net Financing Result	**20,254**	**(12,455)**	**32,709**	**NA**
Undistributed income from subsidiaries, net	5,970	3,615	2,355	65.2
Income before taxes	716,803	345,750	371,053	NA
Total income taxes	123,907	147,445	(23,538)	NA
Net Income	**592,896**	**198,304**	**394,592**	**NA**
Net Income Margin (%)	20.0%	7.5%	12.6 pt	12.6 pt
Income attributable to:				
Controlling Interest	521,780	162,385	359,394	NA
Non-controlling Interest	71,117	35,919	35,197	98.0

The Company's Total Revenues increased 11.6%, from Ps. 2,652.3 million in 2022, to Ps. 2,959.2 million in 2023, due to higher activity in the tourism industry in Mexico.

Room Revenues in 2023 increased by 1.6%. The number of own rooms increased by 99 rooms and RevPAR increased 10.2%. RevPAR was comprised of occupancy that was 1.3% percentage points higher than in 2022, and 8.1% higher in ADR for the year.

Revenues from Food and Beverages increased 19.5%, rising from Ps. 1,017.3 million in 2022, to Ps. 1,215.9 million in 2023.

The line Other Hotel Revenues, which includes others, room rental, parking revenues, laundry, telephone and commercial rental revenues, decreased 24.7%, declining from Ps. 200.1 million in 2022, to Ps. 150.6 million in 2023.

Vacation Club Income increased from Ps. 46.7 million in 2022 to Ps. 46.8 million in 2023.

Fees for managing third party-owned hotels increased 5.1% over 2022. The portfolio of managed hotels increased from 1,915 rooms to 1,982 rooms and increased 6.4% in RevPAR.

The Company sees an opportunity to continue growing through third-party operating agreements, mainly with the Krystal® brand, without significantly impacting its operating structure.

COSTS AND EXPENSES

The Company's total Costs and Expenses increased 11.1%, from Ps. 2,184.4 million in 2022, to Ps. 2,426.8 million in 2023. This increase was driven by growth in revenues due to higher hotel activity. As a percentage of Total Income, Total Costs and Expenses represented 82.0% in 2023 compared to 82.4% in 2022.

OPERATING INCOME

The Company's Operating income increased from 354.6 million in 2022 to Ps. 380.2 million in 2023. Operating Income margin declined from 12.4% in 2022 to 12.8% in 2023.

EBITDA

Adjusting Operating Income for Non-Recurring Expenses, Depreciation and Amortization, and the All-In Result of Financing, the Company's EBITDA was Ps. 380.2 million in 2023, compared to Ps. 749.2 million in 2022. This is an increase of 12.1%. EBITDA margin increased from 28.2% in 2022, to 28.4% in 2023.

NET FINANCIAL COST

The Net Financial Cost in 2023 posted a gain of Ps. 20.3 million, compared to a loss of Ps. 12.4 million in 2022, a 32.7 million decrease in the loss. That difference is driven by an FX gain generated by the impact from the mark-to-market valuation due to a lower USD/MXN exchange rate applied to our dollar-denominated debt which compensated for a higher interest rate..

NET INCOME

The Company's Net Income increased from 198.3 million in 2022, to a Ps. 592.9 million, or a Ps. 394.6 increase in net income.

CASH FLOW SUMMARY

Figures in thousands of Mexican pesos	12 months ended December 31			
	2023	2022	Var.	% Var.
Cash flow from operating activities				
Net income	592,896	198,304	394,592	NA
Depreciation and amortization	307,314	281,203	26,111	9.3
Income taxes	123,907	147,445	(23,538)	(16.0)
Unrealized loss (gain) in foreign currency exchange	(363,474)	(173,517)	(189,957)	NA
Net interest expense	249,770	109,409	140,362	NA
Other financial costs	9,567	9,849	(282)	(2.9)
Minority interest	(5,970)	(3,615)	(2,355)	65.2
Income from Dividens of subsidiary	-	(12,200)	12,200	NA
Profit from sale of Subisidiaries	(310,331)	-	(310,331)	NA
Cash flow before working capital variations	**603,680**	**556,879**	**46,801**	**8.4**
Working Capital	124,135	84,166	39,970	47.5
Net operating cash flow	**727,815**	**641,045**	**86,770**	**13.5**
Non-recurring items	(135,781)	(70,066)	(65,715)	93.8
Cash flow net from non-recurring items	**592,034**	**570,979**	**21,056**	**3.7**
Investment activities	655,485	(1,875,240)	2,530,725	NA
Financing activities	(1,419,907)	1,204,159	(2,624,066)	NA
Net (decrease) increase in cash and cash equivalents	**(172,388)**	**(100,103)**	**(72,285)**	**72.2**
Cash and cash equivalents at the beginning of the period	**444,223**	**564,723**	**(120,500)**	**(21.3)**
Cash and cash equivalents at the end of the period	**271,835**	**464,620**	**(192,785)**	**(41.5)**
Cash of Assets separated for sale	**-**	**-**	**-**	**NA**
Effects from cash value changes	**-**	**(20,397)**	**20,397**	**NA**
Cash at the end of the period,	**271,835**	**444,223**	**(172,388)**	**(38.8)**

CASH FLOW SUMMARY

Cash flow in 2023 was Ps. 727.8 million, compared to Ps. 641.0 million in 2022.

BALANCE SHEET SUMMARY

CASH AND CASH EQUIVALENTS

At the end of 2022, the Company's Cash and Banks position was Ps. 409.5 million, which is comprised of Ps. 271.8 million in Cash and Cash Equivalents, and Ps. 137.7 million in Restricted Cash related to Debt. 46.6% of Cash and Cash Equivalents were dollar denominated.

PROPERTY, FURNITURE AND EQUIPMENT

This line item was Ps. 8,619.5 million at the close of 2023, a 7.1% decrease from the Ps. 9,281.9 million at the end of 2022 driven mainly by the sale of the Hilton Guadalajara.

NET DEBT AND MATURING DEBT

At the end of 2023, the Company's Net Debt was Ps. 2,490.6 million. Of the Company's Total Debt, 76.1% is dollar-denominated, with an average financial cost of 8.46%, while the remaining 23.9% is peso-denominated, with an average cost of 14.52%.

As it pursues its growth plans, the Company will continue to balance its debt between pesos and dollars. Both peso- and dollar-denominated debt are hedged over reference rates (TIIE and LIBOR), with a strike price at 8.5% and 4.5%, respectively.

According to IFRS, the numbers in dollars were converted to pesos using the exchange rate published by the Official Gazette of Mexico on December 31, 2023, which was 16.8935 pesos per dollar.

BALANCE SHEET SUMMARY

Figures in thousands of Mexican pesos	2023	2022	Var.	% Var.
Efectivo y equivalentes de efectivo	271,834	444,223	(172,389)	(38.8%)
Accounts receivables and other current assets	283,677	265,994	17,683	6.6%
Creditable taxes	245,739	330,361	(84,622)	(25.6%)
Accounts receivables and Deferred cost Vacation Club ST	35,779	44,140	(8,360)	(18.9%)
Assets separated for sale	-	818,026	(818,026)	N/A
AApartment Inventory	713,588	-	713,588	N/A
Total current assets	**1,550,617**	**1,902,743**	**(352,126)**	**(18.5%)**
Restricted cash	137,702	155,761	(18,059)	(11.6%)
Property, furniture and equipment	8,619,472	7,750,859	868,613	11.2%
Non-productive fixed assets (under development)	-	1,531,012	(1,531,012)	N/A
Accounts receivables and Deferred cost Vacation Club LT	264,517	252,355	12,162	4.8%
Other fixed assets	1,062,779	849,722	213,057	25.1%
Total non-current assets	**10,084,471**	**10,539,709**	**(455,238)**	**(4.3%)**
Total Assets	**11,635,087**	**12,442,452**	**(807,365)**	**(6.5%)**
Current installments of long-term debt	357,785	405,295	(47,510)	(11.7%)
Deferred Income Vacation Club ST	47,410	40,786	6,624	16.2%
Other current liabilities	755,250	680,358	74,892	11.0%
Liabilities separated for sale	-	100,997	(100,997)	N/A
ATotal current liabilities	**1,160,446**	**1,227,436**	**(66,990)**	**(5.5%)**
Long-term debt	2,542,323	3,330,627	(788,304)	(23.7%)
Other non-current liabilities	1,110,720	1,026,981	83,739	8.2%
Total non-current liabilities	**3,653,042**	**4,357,608**	**(704,566)**	**(16.2%)**
Total Equity	**6,821,599**	**6,857,408**	**(35,809)**	**(0.5%)**
Total Liabilities and Equity	**11,635,087**	**12,442,452**	**(807,365)**	**(6.5%)**

CAPEX

Figures in thousands of Mexican Pesos	2023	% TOTAL
TotalUse conversion	206,482	70.8%
New points of sale	16,404	5.6%
Ordinary CAPEX	68,565	23.5%
Total CAPEX	**291,450**	**100.0%**

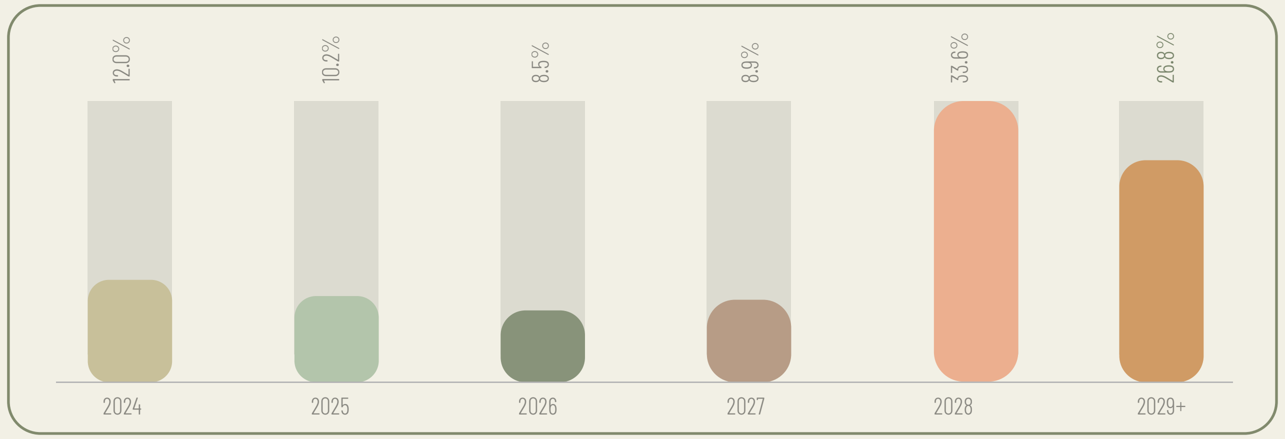
DEBT

Cifras en miles de pesos	PESOS	DÓLARES	TOTAL
Short Term	29,785	328,000	357,785
Long Term	662,600	1,879,723	2,542,323
Total	**692,384**	**2,207,723**	**2,900,108**
% Total	23.9%	76.1%	100.0%
Average rate of financial liabilities	14.52%	8.46%	9.90%
Cash and cash equivalents	190,954	80,880	271,834
Restricted cash	27,842	109,860	137,702
Cash and cash equivalents**	**218,796**	**190,740**	**409,536**
Net Debt	**473,588**	**2,016,983**	**2,490,572**
Net Debt / LTM EBITDA (as of December 31, 2023)			3.0x

Includes accrued interest and effect of financial instruments related to financial debt. Includes restricted cash related to bank debt.a.*

DEBT MATURITY PROFILE

As of December 31, 2023



MAHEKAL
Playa del Carmen, Quintana Roo

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

2023

ANNUAL REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Grupo Hotelero Santa Fe, S.A.B. de C.V. and subsidiaries

OPINION

We have audited the accompanying consolidated financial statements of Grupo Hotelero Santa Fe, S.A.B. de C.V. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31st, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year 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 Grupo Hotelero Santa Fe, S.A.B. de C.V. and its subsidiaries as at December 31st, 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico in accordance with the Código de Ética Profesional del Instituto Mexicano de Contadores Públicos (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the accompanying consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

IMPAIRMENT ASSESSMENT IN THE VALUE OF GOODWILL AND LONG-LIVED ASSETS

WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

We have considered as a key audit matter the impairment assessment of goodwill and long-lived assets as at December 31st, 2023, because Group Management uses valuation models that require the use of complex assumptions involving a high degree of subjectivity and complexity in the application of significant judgments for the identification of key assumptions used for the projection of future cash flows, the long-term growth rate and the discount rate used to calculate the recoverable value of the Cash Generating Units (CGUs), which require the involvement of independent experts and the auditor's internal valuation specialists.

As a result of Management's impairment analysis, in 2023 the Group did not identify any impairment in its goodwill and long-lived assets.

The Group's policies for the accounting and recognition of impairment losses of goodwill and long-lived assets, as well as the analysis thereof are disclosed in Note 3h) Impairment to the accompanying consolidated financial statements.

HOW WE RESPONDED TO THIS KEY AUDIT MATTER

We assessed the competence, objectivity and technical capacity of the Group's specialists in determining the recoverable value of goodwill and long-lived assets as at December 31st, 2023, including the scope of their review, results and conclusions. We also assessed the key assumptions used by Management such as: revenue volume, operating costs, inflation, future cash flows, long-term growth rates, discount rates, as well as methods and best practices commonly used and accepted in the hotel industry.

We assessed the projection of future cash flows prepared by Management, and verified the information of said projection for each identified CGU, analyzing whether it is consistent with historical information and the long-term business plans approved by the Board of Directors.

We involved our internal specialists to assist us in the impairment analysis through which we validated the methodology used; we analyzed the key assumptions according to their complexity and degree of subjectivity and compared them against contrary evidence and comparable market data.

We also evaluated the appropriateness of the disclosures related to the calculation of impairment of goodwill made by Management in the consolidated financial statements as at December 31st, 2023.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report filed with the National Banking and Securities Commission (CNBV, by its acronym in Spanish), but does not include the consolidated financial statements and our auditor's report thereon. We expect to obtain the other information after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when we have access to it and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read and consider the Annual Report filed with the CNBV, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to issue a statement on the Annual Report required by the CNBV that contains a description of the matter.

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 IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S 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 auditor's 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 ISA 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess 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 the 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group 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 Group 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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is the undersigned.

Mancera, S.C.
A Member Practice of
Ernst & Young Global Limited

Héctor Iván Figueroa Luna

Mexico City March 8th, 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(AMOUNTS IN THOUSANDS OF MEXICAN PESOS)

	AS AT DECEMBER 31ST			
	2023		2022	
ASSETS				
Current assets				
Cash and cash equivalents (Note 8)	Ps.	201,743	Ps.	444,223
Accounts receivable, net (Note 9)		198,508		188,746
Related party receivables (Note 10)		28,512		15,462
Other accounts receivable		1,740		27,821
Recoverable taxes (Note 11)		458,356		530,169
Inventories (Note 12)		32,697		31,825
Prepaid expenses		47,447		31,850
Deferred cost – Vacation Club (Note 16)		16,758		16,500
Apartment inventory (Note 8)		713,588		-
Assets held for sale		-		818,026
Total current assets	**Ps.**	**1,699,349**	**Ps.**	**2,104,622**
Non-current assets				
Restricted cash (Note 8)		137,702		155,761
Property, furniture and equipment (Note 13)		8,619,472		9,281,871
Other assets (Note 14)		237,602		386,393
Equity investments in associates (Note 3i)		313,689		37,225
Deferred income tax (Note 19)		281,980		207,148
Goodwill (Note 6)		345,617		345,617
Deferred cost – Vacation Club (Note 16)		142,202		125,694
Total non-current assets		**10,078,264**		**10,539,709**
Total assets	**Ps.**	**11,777,613**	**Ps.**	**12,644,331**

	AS AT DECEMBER 31ST			
	2023		2022	
LIABILITIES AND EQUITY				
Current liabilities:				
Current portion of long-term debt (Note 15)	Ps.	356,188	Ps.	405,295
Suppliers		234,175		200,804
Accrued liabilities (Note 17)		39,183		40,880
Taxes payable		281,149		263,823
Provisions		56,372		105,854
Related party payables (Note 10)		557		530
Short-term security deposits		212,449		193,514
Trade advances		143,983		76,833
Deferred revenue – Vacation Club (Note 16)		47,410		40,786
Liabilities held for sale		-		100,997
Total current liabilities		**1,371,466**		**1,429,316**
Non-current liabilities				
Long-term debt, excluding current portion (Note 15)		2,473,829		3,330,627
Employee benefits (Note 18)		22,726		16,815
Deferred income tax (Note 19)		850,370		819,307
Deferred revenue – Vacation Club (Note 16)		196,311		190,694
Other liabilities		41,313		165
Total non-current liabilities		**3,584,549**		**4,357,608**
Total liabilities		**4,956,015**		**5,786,924**
Equity (Note 20):				
Attributable to equity holders of the parent:				
Share capital		3,641,699		4,354,707
Repurchase of shares		(32,240)		(44,209)
Share premium		80,000		80,000
Legal reserve		190,493		190,493
Retained earnings		1,329,378		807,599
Total equity attributable to equity holders of the parent		5,209,330		5,388,590
Non-controlling interests		1,612,268		1,468,817
Total equity		**6,821,598**		**6,857,407**
Total liabilities and equity	**Ps.**	**11,777,613**	**Ps.**	**12,644,331**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(AMOUNTS IN THOUSANDS OF MEXICAN PESOS, EXCEPT FOR EARNINGS/(LOSS) PER SHARE WHICH IS EXPRESSED IN MEXICAN PESOS)

	FOR THE YEAR ENDED DECEMBER 31ST			
		2023		2022
Operating revenue:				
Rooms	Ps.	1,455,751	Ps.	1,302,470
Food and beverages		1,215,912		1,017,326
Supplementary hospitality services		287,544		332,523
Other income (Note 26)		72,610		26,673
		3,031,817		2,678,992
Department costs and expenses:				
Rooms		388,676		344,791
Food and beverages		653,400		567,881
Other		69,848		64,124
Total department costs and expenses		**1,111,924**		**976,796**
Department profit		**1,919,893**		**1,702,196**
Operating expenses:				
Administrative		466,124		407,582
Advertising and sales		195,961		187,442
Maintenance and energy costs		354,891		393,880
Total operating expenses		**1,016,976**		**988,904**
Profit before finance charges and depreciation		**902,917**		**713,292**
Finance charges and depreciation:				
Property tax		18,476		15,275
Insurance		22,728		20,642
Depreciation (Note 13)		293,316		273,625
Amortization of other assets (Note 14)		13,999		7,578
Pre-operating expenses		17,144		8,503
Expansion expenses		11,897		9,599
Other expenses (Note 26)		145,109		23,006
Allowance for expected credit losses		-		475
Total finance charges and depreciation		**522,669**		**358,703**
Operating profit		380,248		354,589

	FOR THE YEAR ENDED DECEMBER 31ST			
		2023		2022
Net financing income:				
Interest income		27,469		22,317
Interest expense (Note 15)		(277,239)		(131,726)
Foreign exchange gain, net (Note 27)		279,591		106,803
Other finance expenses		(9,566)		(9,849)
		20,255		(12,455)
Profit from sale of subsidiaries (Note 6)		310,331		-
Share of profit of associates		5,970		3,615
Profit before income tax		**716,804**		**345,749**
Income tax (Note 19)		123,909		147,445
Net profit	**Ps.**	**592,895**	**Ps.**	**198,304**
Net profit attributable to:				
Equity holders of the parent	Ps.	521,779	Ps.	162,385
Non-controlling interests		71,116		35,919
	Ps.	**592,895**	**Ps.**	**198,304**
Basic earnings per share (Note 20h)	**Ps.**	**0.73**	**Ps.**	**0.26**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31ST, 2023 AND 2022
(AMOUNTS IN THOUSANDS OF MEXICAN PESOS) (NOTE 20)

	SHARE CAPITAL	SHARE INCENTIVE PLAN	SHARE PREMIUM	LEGAL RESERVE	RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance as at December 31st, 2021	Ps. 3,954,707	Ps. (41,575)	Ps. 80,000	Ps. 190,493	Ps. 645,214	Ps. 4,828,839	Ps. 1,133,204	Ps. 5,962,043
Share capital increase	400,000	-	-	-		400,000	-	400,000
Repurchase of shares	-	(2,634)	-	-	-	(2,634)	-	(2,634)
Contributions to non-controlling interests, net	-	-	-	-	-	-	304,694	304,694
Cash dividends paid to non-controlling interests							(5,000)	(5,000)
Net profit for the year	-	-	-	-	162,385	162,385	35,919	198,304
Balance as at December 31st, 2022	4,354,707	(44,209)	80,000	190,493	807,599	5,388,590	1,468,817	6,857,407
Capital reduction	(713,008)	-	-	-	-	(713,008)	-	(713,008)
Repurchase of shares	-	11,969	-	-	-	11,969	-	11,969
Contributions to non-controlling interests, net	-	-	-	-	-	-	72,835	72,835
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	(500)	(500)
Net profit for the year	-	-	-	-	521,779	521,779	71,116	592,895
Balance as at December 31st, 2023	**Ps. 3,641,699**	**Ps. (32,240)**	**Ps. 80,000**	**Ps. 190,493**	**Ps. 1,329,378**	**Ps. 5,209,330**	**Ps. 1,612,268**	**Ps. 6,821,598**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(AMOUNTS IN THOUSANDS OF MEXICAN PESOS, EXCEPT FOR EARNINGS/(LOSS) PER SHARE WHICH IS EXPRESSED IN MEXICAN PESOS)

	FOR THE YEAR ENDED DECEMBER 31ST 2023	2022
Operating activities		
Profit before income tax	Ps. 716,804	Ps. 345,749
Items not affecting cash flows:		
Depreciation	293,316	273,625
Amortization of other assets	13,999	7,578
Fixed assets from claims	51,550	-
Interest income	(27,469)	(22,317)
Equity investment in associate	(5,970)	(3,615)
Gain on sale of shares	(310,331)	-
Unrealized foreign exchange gain	(363,473)	(183,331)
Interest expense	277,239	131,726
Net periodic benefit expense	6,079	1,359
Other finance expenses	9,567	9,849
	661,311	560,623
Changes in working capital:		
Accounts receivable	(9,762)	(70,412)
Related party receivables	(13,023)	(27,424)
Other accounts receivable and recoverable taxes	65,437	(211,282)
Inventories	(872)	(10,942)
Prepaid expenses	(15,597)	7,948
Suppliers	33,371	65,279
Accrued liabilities and taxes payable	56,610	85,396
Assets held for sale	(24,324)	-
Provisions	(49,482)	33,210
Trade advances and security deposits	81,558	177,133
Income tax paid	(167,677)	(99,548)
Net cash flows from operating activities	617,550	509,981

	FOR THE YEAR ENDED DECEMBER 31ST 2023	2022
Investing activities		
Purchase of property, furniture and equipment	(363,371)	(1,640,288)
Security deposit for purchase of shares	-	(123,600)
Proceeds from sale of shares of subsidiaries	1,051,684	-
Cash reclassified to assets held for sale	-	(25,624)
Equity investment in associate	(103,245)	5,012
Interest collected	27,469	22,317
Net cash flows from/(used in) investing activities	612,537	(1,762,183)
Financing activities		
(Decrease) /increase in equity	(713,008)	400,000
Contributions to non-controlling interests	72,834	304,694
Dividends paid to non-controlling interests	(500)	(5,000)
Repurchase of shares	11,969	(2,634)
Loans obtained	-	954,782
Payment of principal on bank loans	(561,752)	(281,790)
Interest expense	(300,169)	(173,885)
Net cash flows (used in)/from financing activities	(1,490,626)	1,196,167
Net decrease in cash and cash equivalents and restricted cash	(260,539)	(56,035)
Cash, cash equivalents and restricted cash at beginning of year	599,984	656,019
Cash, cash equivalents and restricted cash at end of year	**Ps. 339,445**	**Ps. 599,984**

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31ST, 2023 AND 2022
(AMOUNTS IN THOUSANDS OF MEXICAN PESOS)

1. DESCRIPTION OF THE BUSINESS AND RELEVANT EVENTS

I. Description of the business

Grupo Hotelero Santa Fe, S.A.B. de C.V. (the Group or GHSF) was incorporated in Mexico City and is primarily engaged in acquiring shares, interests, equity interests, among others, of any type of commercial entities, either national or foreign, and investing in their equity and assets, as well as taking part in their management, liquidation, spin-offs and mergers. The Group was incorporated on November 24th, 2006 and started up operations on January 1st, 2010.

The Group's headquarters are located at Juan Salvador Agraz No. 65, 20th floor, Santa Fe, Cuajimalpa, 05348, Mexico City.

The Group's operating period and fiscal year is from January 1st through December 31st.

On March 8th, 2024, the consolidated financial statements and these notes were authorized by the Group's General Director, Francisco Medina Elizalde; the Finance Director and Legal Representative, Enrique Gerardo Martínez Guerrero; and the Administrative Director, José Alberto Santana Cobián, for their issue and subsequent approval by the Group's Board of Directors and shareholders. Information on subsequent events covers the period from January 1st, 2024 through the above-mentioned issue date of the financial statements.

II. Relevant events

On October 27th, 2023, the Krystal Beach Acapulco hotel suffered damages caused by hurricane Otis. As at the date of issue of these consolidated financial statements, the Krystal Beach Acapulco hotel is settling the corresponding damage claim. The caption Property, furniture and equipment of the Krystal Beach Acapulco hotel includes damages in the amount of Ps. 51,550.

The Secrets Tulum Resort & Beach Club hotel, in which the Group holds a 25%-stake, opened to the public on October 20th, 2023. The Secrets Tulum Resort & Beach Club hotel has 326 rooms, as well as a Beach Club in Tulum, Quintana Roo, and will be operated by Hotelera Santa Fe, a subsidiary of the Group.

On May 16th, 2023, the Group acquired the Hilton Guadalajara hotel under the corresponding sales agreement entered into on December 15th, 2022.

On April 27th, 2023, the Group agreed to decrease the variable portion of its share capital, with no cancellation of shares, by an amount in Mexican pesos equivalent to up to USD $40,000,000, through a cash reimbursement to its shareholders which was realized on May, 30th, 2023 for a sum of Ps. 713, 008.

III. Description of the business

The Group's consolidated subsidiaries are primarily engaged in the following activities :

- Hotelera SF, S. de R.L. de C.V. (Hotelera SF) is primarily engaged in providing hotel administrative and operating services, as well as any other hotel service; therefore, all of its revenue is earned from hotel management and operation agreements. Hotelera SF was incorporated on January 8th, 2010 and started up operations on March 1st, 2010.

- Servicios en Administración Hotelera SF, S. de R.L. de C.V. (SAH) is primarily engaged in providing hotel administrative and operating services, as well as any other hotel service, to its related parties. SAH was incorporated on January 8th, 2010, started up operations on March 1st, 2010 and ceased operations as of July 1st, 2021.

- Grupo Hotelero SF México, S. de R.L. de C.V. (GHSFMEX) is primarily engaged in owning a hotel property located in the city of Acapulco, Guerrero, Mexico, with 400 rooms operating under the "Krystal Beach Acapulco" brand name. The hotel is managed by Hotelera SF under hotel administrative and operating service agreements that establish the payment of income-based fee plus a percentage of operating profit. GHSFMEX was incorporated on December 1st, 2011 and started up operations on April, 24th, 2014.

- Administración SF del Pacífico, S. de R.L. de C.V. (ASFP) is primarily engaged in providing hotel administrative and operating services, as well as any other hotel service, to its related parties. ASFP was incorporated on April 9th, 2013, started up operations on April 25th, 2013, and ceased operations as of July 1st, 2021.

- Administración SF Occidente, S. de R.L. de C.V. (ASFO) is primarily engaged in providing hotel administrative and operating services, as well as any other hotel service, to its related parties. ASFO was incorporated on January 8th, 2010, started up operations on March 1st, 2010 and ceased operations as of July 1st, 2021.

- Inmobiliaria en Hotelería León Santa Fe, S de R.L de C.V.(IHL) is primarily engaged in owning a hotel property known as "Krystal Grand San Miguel de Allende", located in the city of San Miguel de Allende, Guanajuato, Mexico, which is leased to its subsidiary Servicios Administrativos Urban Cancún, S. de R.L. de C.V. IHL was incorporated on September 18th, 2015 and started up operations on March 1st, 2015.

- Corporación de Servicios Los Ángeles Vallarta, S.A. de C.V. (CSA) is primarily engaged in providing hotel administrative and operating services, as well as any other hotel service, to its related parties. CSA was incorporated on November 24th, 2016, started up operations on January 1st, 2018 and ceased operations as of July 1st, 2021.

- Inmobiliaria en Hotelería Ciudad Juárez Santa Fe, S. de R.L. de C.V. (IHJ) is primarily engaged in acquiring, through any legal means, shares and equity interests, among others, of any type of corporate entities, either national or foreign, and investing in their equity and assets, as well as participating in their management, liquidation, spin-offs and mergers. IHJ, the holding company of Chartwell Inmobiliaria de Juárez, S. de R.L. de C.V., was incorporated on January 8th, 2010 and started up operations on March 1st, 2010.

- Inmobiliaria en Hotelería Guadalajara Santa Fe, S. de R.L. de C.V. (IHG) is primarily engaged in acquiring, through any legal means, shares and equity interests, among others, of any type of corporate entities, either national or foreign, and investing in their equity and assets, as well as participating in their management, liquidation, spin-offs and mergers. IHG started up operations on March 1st, 2010.

- Chartwell Inmobiliaria de Juárez, S. de R.L. de C.V. (CIJ) is primarily engaged in owning a hotel property located in the city of Ciudad Juárez, Chihuahua, Mexico, with 120 rooms operating under the "Krystal Business Ciudad Juárez" brand name. The hotel is managed by Hotelera SF under hotel administrative and operating service agreements that establish the payment of income-based fee plus a percentage of operating profit. CIJ was acquired by the Group on March 1st, 2010.

- Inmobiliaria en Hotelería Monterrey Santa Fe, S. de R.L. de C.V. (IHM) is primarily engaged in acquiring, through any legal means, shares and equity interests, among others, of any type of corporate entities, either national or foreign, and investing in their equity and assets, as well as participating in their management, liquidation, spin-offs and mergers. IHM, the holding company of Chartwell Inmobiliaria de Monterrey, S. de R.L. de C.V., was incorporated on January 8th, 2010 and started up operations on March 1st, 2010.

- Chartwell Inmobiliaria de Monterrey, S. de R.L. de C.V. (CIM) is primarily engaged in owning a hotel property located in the city of Monterrey, Nuevo León, Mexico, with 150 rooms operating under the "Krystal Urban Monterrey" brand name. The hotel is managed by Hotelera SF under hotel administrative and operating service agreements that establish the payment of income-based fee plus a percentage of operating profit. CIM was acquired by the Group on March 1st, 2010.

- Administración SF del Norte, S. de R.L. de C.V. (ASFN) is primarily engaged in providing hotel administrative and operating personnel services, as well as any other hotel service, to its related parties. ASFN was incorporated on January 8th, 2010, started up operations on March 1st, 2010 and ceased operations as of July 1st, 2021.

- Inmobiliaria en Hotelería Vallarta Santa Fe, S. de R.L. de C.V. (IHV) is primarily engaged in owning a hotel property located in the city of Puerto Vallarta, Jalisco, Mexico, with 451 rooms operating under the "Krystal Grand Puerto Vallarta" (formerly Hilton) brand name. The hotel is managed by Hotelera SF under hotel administrative and operating service agreements that establish the payment of income-based fee plus a percentage of operating profit. This subsidiary was incorporated on May 23rd, 2011 and started up operations on October 1st, 2012.

- Corporación Integral de Servicios Administrativos de Occidente, S. de R.L. de C.V. (CISAO) is primarily engaged in providing hotel administrative and operating services, as well as any other hotel service, to its related parties. CISAO was incorporated on February 7th, 2012, started up operations on February 9th, 2012 and ceased operations as of June 1st, 2021.

- Inmobiliaria en Hotelería Cancún Santa Fe, S. de R.L. de C.V. (IHC) is primarily engaged in owning a hotel property located in the city of Cancun, Quintana Roo, Mexico, with 398 rooms operating under the"Krystal Grand Cancún" (formerly Krystal Altitude Cancún") brand name. The hotel is managed by Hotelera SF under hotel administrative service agreements that establish the payment of income-based fee plus a percentage of operating profit. IHC was incorporated on May 16th, 2013 and started up operations on September 24th, 2013.

- Administración SF de Quintana Roo, S. de R.L. de C.V. (ASFQ) is primarily engaged in providing hotel administrative and operating services, as well as any other hotel service, to its related parties. ASFQ was incorporated on June 20th, 2013, started up operations on October 1st, 2013 and ceased operations as of July 1st, 2021.

- Inmobiliaria Hotelera Cancún Urban, S. de R.L. de C.V. (IHCU), su actividad principal es ser propietaria de un hotel ubicado en la ciudad de Cancún, Quintana Roo, que opera 246 habitaciones, bajo el nombre comercial de "Krystal Urban Cancún". La operación del hotel está a cargo de Hotelera SF, con la cual se tienen celebrados contratos de administración y operación hotelera que establecen el pago de un honorario sobre los ingresos y de un incentivo sobre la utilidad de operación; se constituyó el 21 de octubre de 2014 e inició operaciones el 16 de diciembre de 2014.

- Servicios Administrativos Urban Cancún, S. de R.L. de C.V. (SAUC) is primarily engaged in operating a hotel property located in the city of San Miguel de Allende, Guanajuato, which manages 22 townhouses under the "Krystal Grand San Miguel de Allende" brand name. The hotel is managed by Hotelera SF, S. de R.L. de C.V., under administrative and operating service agreements.

- SF Partners II, S. de R.L. de C.V. (SFP) is primarily engaged in owning a hotel property located in the city of Guadalajara, Jalisco, Mexico, with 140 rooms operating under the "Krystal Urban Guadalajara" brand name. SFP was acquired by the Group on March 24th, 2014.

- Moteles y Restoranes María Bárbara, S.A. de C.V. (MRMB) is primarily engaged in owning a hotel property located in the municipality of Naucalpan, State of Mexico, Mexico, with 215 rooms operating under the "Krystal Satélite María Bárbara" brand name. MRMB was acquired by the Group on May 7th, 2015.

- Servicios Administrativos Tlalnepantla, S.A. de C.V. (SATL) is primarily engaged in providing hotel administrative and operating services, as well as any other hotel service, to its related parties. SATL was incorporated on April 14th, 2015 and started up operations on July 1st, 2015.

- Inmobiliaria MB Santa Fe, S.A. de C.V. (IMB) is primarily engaged in acquiring, through any legal means, shares and equity interests, among others, of any type of corporate entities, either national or foreign, and investing in their equity and assets, as well as participating in their management, liquidation, spin-offs and mergers. IMB, the holding company of Moteles y Restoranes María Bárbara, S.A. de C.V., was incorporated on March 4th, 2015 and started up operations on that same date.

- Inmobiliaria Hotelera Insurgentes 724, S.A.P.I. de C.V. (IHI) is primarily engaged in owning a hotel property located in Mexico City. IHI was incorporated on May 15th, 2015 and construction of the hotel began on January 22nd, 2016. The hotel is expected to open on April 19th, 2023.

- ICD Sitra, S.A. de C.V. (ISI) is primarily engaged in owning a hotel property located in San José del Cabo, Baja California Sur, Mexico, which is leased to its subsidiary Promotora Los Ángeles Cabos, S.A. de C.V. The Group acquired control of ISI on May 21st, 2017.

- Promotora Los Ángeles Cabos, S.A. de C.V. (PAC) is primarily engaged in operating a hotel property located in San José del Cabo, Baja California Sur, Mexico, with 454 rooms under the "Krystal Grand Los Cabos" brand name. The hotel is managed by Hotelera SF under hotel administrative and operating service agreements that establish the payment of income-based fee plus a percentage of operating profit. This subsidiary was incorporated on November 24th, 2016 and started up operations on March 1st, 2017.

- Servicios Ángeles SJC, S.A. de C.V. (SAS) is primarily engaged in providing hotel administrative and operating services, as well as any other hotel service, to its related parties. SAS was incorporated on November 24th, 2016, started up operations on March 1st, 2017, and ceased operations as of July 1st, 2021.

- Sibra Vallarta, S.A. de C.V. (SAV) is primarily engaged in owning a hotel property located in Nuevo Vallarta, Nayarit, Mexico, under the "Krystal Grand Nuevo Vallarta" brand name, which is leased to its subsidiary Arrendadora Vallarta. The Group acquired control of SAV on February 21st, 2017.

- Arrendadora los Ángeles Vallarta, S.A. de C.V. (AAV) is primarily engaged in operating a hotel property located in Nuevo Vallarta, Nayarit, Mexico, with 480 rooms under the "Krystal Grand Nuevo Vallarta" brand name, which is leased to its subsidiary Arrendadora Vallarta. The hotel is managed by Hotelera SF under hotel administrative and operating service agreements that establish the payment of income-based fee plus a percentage of operating profit. AAV was incorporated on November 24th, 2016 and started up operations on January 1st, 2017.

- CER Diecinueve 91, S. de R.L. de C.V. (CDN) is primarily engaged in providing food and beverage services to the guests of "Krystal Grand Suites Insurgentes 1991" and the general public. CDN was incorporated on July 4th, 2017 and started up operations on September 13th, 2017.

- Inmobiliaria K Suites 1991, S.A.P.I. de C.V. (IKS), through September 2018, was primarily engaged in owning a suite complex in Mexico City with 150 suites. The operation consisted of renting furnished suites under the "Krystal Grand Suites Insurgentes 1991" brand name. In September 2018, IKS operations were transferred to Grupo Inmobiliario 1991, S.A. de C.V. who acquired all the rights and assumed all the obligations of Inmobiliaria K Suites. The suites are managed by Hotelera SF under hotel administrative and operating service agreements that establish the payment of income-based fee plus a percentage of operating profit. IKS was incorporated on May 11th, 2016 and started up operations on September 13th, 2017.

- Servicios Administrativos Suites 1991, S. de R.L. de C.V. (SAS) is primarily engaged in providing hotel administrative and operating personnel services, as well as any other hotel service, to its related parties. SAS was incorporated on June 26th, 2017, started up operations on October 1st, 2017 and ceased operations as of July 1st, 2021.

- Inmobiliaria Hotelera del Bajío S.F., S.A. de C.V. (IHB) is primarily engaged in owning a hotel property located in the city of Leon, Guanajuato, Mexico, with 140 rooms operating under the "Hyatt Centric Campestre León" brand name. The hotel is managed by Hotelera S.F. under hotel administrative and operating service agreements that establish the payment of income-based fee plus a percentage of operating profit. IHB was acquired by the Group on August 24th, 2018.

- Servicios en Administración Hotelera M.P.S.F., S. de R.L. de C.V. (SMP) is primarily engaged in providing hotel administrative and operating services, as well as any other hotel service, to its related parties. SMP started up operations on August 9th, 2018 and ceased operations as of July 1st, 2021.

- Grupo Inmobiliario 1991, S.A. de C.V. (GIM1991), as of August 18th, 2018, is primarily engaged in owning a suite complex in Mexico City through a merger agreement entered into by and between the shareholders of IKS (the disappearing company) and GIM1991 (the surviving company), whereby GIM1991 now runs 150 suites. The operation consists of renting furnished suites under the "Krystal Grand Suites Insurgentes 1991" brand name.

- MHK – Inmobiliaria, MHKL Hotel Venture México, S.A. de C.V. (MHKL) is primarily engaged in owning a hotel property located in Playa del Carmen, Quintana Roo, which is leased to its subsidiary HPC Santa FE, S.A. de C.V. MHKL started up operations on December 14th, 2023.

- Inmobiliaria en Hotelería Quéretaro, S. de R.L. de C.V. (IHQ) is primarily engaged in operating a hotel property located in Mexico City, with 201 rooms under the "Hyatt Regency Mexico City Insurgentes" brand name. The hotel is managed by Hotelera SF, S. de R.L. de C.V. IHQ started up operations on April 19th, 2023.

- HPC Santa FE, S.A. de C.V. (HPC) is primarily engaged in operating a hotel property located in Playa del Carmen, Quintana Roo, with 195 rooms under the "Secrets Tulum Resort & Beach Club " brand name. The hotel is managed by Hotelera SF under hotel administrative and operating service agreements that establish the payment of income-based fee plus a percentage of operating profit. HPC started up operations on December 14th, 2023.

2. BASIS OF PREPARATION

a) Compliance statement

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective as at December 31st, 2023, as issued by the International Accounting Standards Board (IASB).

IFRS include all standards and interpretations issued by the IASB as well as the IFRS Interpretations Committee (IFRIC).

The Group has concluded that there are no material uncertainties that may cast significant doubt on its ability to continue as a going concern.

In accordance with the Mexican Corporations Act and the bylaws of each individual group company, the shareholders have the authority to modify the consolidated financial statements.

Note 3 provides further information on the Group's accounting policies.

b) Basis for measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain items of property, furniture and equipment that were measured at assumed cost as at February 28th, 2010 (date of transition to IFRS) and at the date of the business combinations described in Note 6. The assumed cost of this land, buildings and furniture has been determined based on appraisals performed by independent experts (fair value) at that date.

c) Functional and presentation currency

The Group's consolidated financial statements are presented in thousands of Mexican pesos, which is the Group's functional and presentation currency. Certain amounts are shown in U.S. dollars (USD). All financial information presented in Mexican pesos is rounded to the nearest thousand. The exchange rate used by the Group to translate amounts in Mexican pesos as at December 31st, 2023 and 2022 was $ 16.8935 pesos and $ 19.3615 pesos, respectively, per U.S. dollar. As at March 8th, 2024, the exchange rate was $ 16.8728 pesos per U.S. dollar.

d) Use of judgments and estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

The Group's judgments, estimates and assumptions are based on historical and forecast information, as well as regional economic conditions and the industry in which it operates. Any changes could adversely affect such estimates. Although the Group believes it has made reasonable assumptions about the eventual resolution of the estimation uncertainties, it cannot ensure that the ultimate outcome will reflect the information presented in the Group's assets, liabilities, income and expenses.

The Group's management reassesses its estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future affected periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in Note 3g related to goodwill impairment testing.

Information about assumptions and estimation uncertainties as at December 31st, 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following note:

- Note 6 -Impairment testing in the value of goodwill and long-lived assets: key assumptions for the valuation of the recoverable amount.

Determination of control over certain equity investments

The Group has assessed critical control factors as set forth in IFRS 10 Consolidated Financial Statements and has concluded that it should consolidate the financial statements of certain entities in which it does not hold a majority or full equity interest, considering the substantive decision-making rights over the relevant activities set forth in the bylaws of such entities, together with the hotel operating agreements, to determine whether the Group is able to exercise its power to direct the relevant activities of the business to alter the corresponding variable returns.

In 2022, the Group, together with an external partner, incorporated MHKL Hotel Venture Mexico, S.A. de C.V. (MHKL) to acquire the assets of the "Mahekal Beach Resort" hotel. The Group owns a 50% equity interest in this entity, but it additionally entered into a hotel operating agreement through which it exercises power and control over this entity. As at December 31st, 2023, the Group consolidates the balances and transactions of MHKL into its consolidated financial statements.

e) Fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 21 - Financial Instruments and Risk Management

f) Scope of consolidation

The consolidated financial statements include all entities that are directly controlled by the Group.

All Group entities prepare their financial statements as at December 31st, 2023 applying the same accounting and measurement criteria under IFRS. Intra-group balances and transactions are eliminated on consolidation.

The following table summarizes the changes in the number of entities included in the consolidated financial statements:

Entities consolidated in the financial statements:

	NUMBER OF ENTITIES
December 31st, 2023	39
December 31st, 2022	40 (1)

(1) In 2022, MHKL Hotel Venture México, S.A. de C.V. and HPC Santa FE, S.A. de CV. began their consolidation process.

g) Statement of comprehensive income presentation

Since the Group is a service company, ordinary costs and expenses are analyzed by their nature, since such classification allows for a more accurate evaluation of the Group's operating and gross profit margins. The Group also includes department profit, profit before finance charges and depreciation and operating profit, which are the difference between operating profit from department costs and expenses, indirect expenses and finance charges and depreciation, and they are an important indicator for evaluating the Group's financial and business performance, in accordance with the standards of the hotel industry.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group, as well as all Group entities, have consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except where otherwise indicated.

a) Basis of consolidation

(i) Business combination

Business combinations are accounted for using the acquisition method as of the acquisition date (the date when the Group acquires control of an entity). Control is achieved when the Group (i) has power over the investee, (ii) is exposed, or has rights, to variable returns from its involvement with the investee, and (iii) has the ability to affect those returns through its power over the investee. The Group considers the potential voting rights that can be exercised or converted when assessing whether it has control over an investee.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred, plus
- The amount recognized for any non-controlling interests in the investee, plus
- If the business combination is achieved in stages, the fair value of existing equity interests of the acquiree, less
- The net amount (normally, the fair value) of identifiable assets acquired and identifiable liabilities assumed

When there is an excess of the fair value of net assets acquired over the aggregate consideration transferred, any gain on a bargain purchase is recognized in profit or loss. Goodwill is recognized on acquisition and is considered to have an indefinite useful life. Therefore, it is subject to annual impairment testing.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Transaction costs, other than those associated with the issuance of debt or equity instruments, that are incurred by the Group in respect of a business combination are recognized in profit or loss as incurred.

Contingent consideration payable is recognized at fair value at the acquisition date. If contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with shareholders; therefore, no goodwill is recognized as a result of these transactions. Adjustments to non-controlling interests arising from transactions that do not involve loss of control are based on the proportional amount of the net assets of the subsidiary, and the effects are recognized in equity.

(iii) Subsidiaries

The subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the financial statements from the date on which control commences until the date on which control ceases.

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

Specifically, the Group controls an investee if, and only if, the Group has:

1) Power over the investee
2) Exposure, or rights, to variable returns from its involvement with the investee
3) The ability to use its power over the investee to affect its returns

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including potential voting rights, and control over entities in which the Group owns less than 50% of voting rights but can direct its relevant activities. Consolidation of a subsidiary ceases when the Group loses control of the subsidiary.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

An analysis of the Group's equity investments in subsidiaries is as follows:

SUBSIDIARY	% EQUITY INTEREST	PRIMARY ACTIVITY
Inmobiliaria en Hotelería Guadalajara Santa Fe, S. de R.L. de C.V.	100%	Real estate management
Inmobiliaria en Hotelería Monterrey Santa Fe, S. de R.L. de C.V.	100%	Real estate management
Inmobiliaria en Hotelería Ciudad Juárez Santa Fe, S. de R.L. de C.V.	100%	Real estate management
Inmobiliaria MB Santa Fe, S.A. de C.V.	100%	Real estate management
Grupo Hotelero SF de México, S. de R.L. de C.V.	100%	Hotel management
Chartwell Inmobiliaria de Monterrey, S. de R.L. de C.V.	100%	Hotel management
Chartwell Inmobiliaria de Juárez, S. de R.L. de C.V.	100%	Hotel management
Inmobiliaria en Hotelería Vallarta Santa Fe, S. de R.L. de C.V.	100%	Hotel management
Inmobiliaria en Hotelería Cancún Santa Fe, S. de R.L. de C.V.	100%	Hotel management
Inmobiliaria en Hotelería Cancún Santa Fe, S. de R.L. de C.V.	100%	Hotel management
Inmobiliaria Hotelera Cancún Urban, S. de R.L. de C.V.	100%	Hotel management
SF Partners II, S. de R.L. de C.V.	100%	Hotel management
Moteles y Restoranes María Barbara, S.A. de C.V.	100%	Hotel management
Hotelera SF, S. de R.L. de C.V.	100%	Hotel operation
Servicios en Administración Hotelera SF, S. de R.L. de C.V.	100%	Administrative services
Administración SF del Norte, S. de R.L. de C.V.	100%	Administrative services
Administración SF Occidente, S. de R.L. de C.V.	100%	Administrative services
Corporación Integral de Servicios Administrativos de Occidente, S. de R.L. de C.V.	100%	Administrative services
Administración SF del Pacífico, S. de R.L. de C.V.	100%	Administrative services
Administración SF de Quintana Roo, S. de R.L. de C.V.	100%	Administrative services
Servicios Administrativos Urban Cancún, S. de R.L. de C.V.	100%	Hotel management

SUBSIDIARY	% EQUITY INTEREST	PRIMARY ACTIVITY
Servicios Administrativos Tlalnepantla Santa Fe, S. de R.L. de C.V.	100%	Administrative services
Inmobiliaria en Hotelería León Santa Fe, S. de R.L. de C.V.	100%	Real estate management
Corporación de Servicios Los Angeles Vallarta, S. A de C.V.	100%	Administrative services
Inmobiliaria en Hotelería Insurgentes 724, S.A.P.I. de C.V.	50%	Real estate management
Inmobiliaria K Suites 1991, S.A.P.I. de C.V.	100%	Hotel management
Servicios Administrativos K Suites 1991, S. de R.L. de C.V.	100%	Administrative services
Sibra Vallarta, S.A. de C.V.	50%	Real estate management
ICD Sitra, S.A. de C.V.	50%	Real estate management
Promotora los Ángeles Cabos, S.A. de C.V.	50%	Hotel management
Servicios Ángeles SJC, S.A. de C.V.	50%	Administrative services
Arrendadora los Ángeles Vallarta, S.A. de C.V.	50%	Hotel management
CER diecinueve 91, S de R.L. de C.V.	100%	Consumer services
Servicios en Administración Hotelera M.P.S.F.S. de R.L. de C.V.	50%	Administrative services
Inmobiliaria en Hotelería Querétaro S.F., S.A. de C.V.	50%	Hotel management
Grupo inmobiliario 1991, S.A. de C.V.	50%	Hotel management
Inmobiliaria en Hotelera del Bajío S.F., S.A. de C.V.	50%	Hotel management
MHKL Hotel Venture Mexico S.A. de C.V.	50%	Real estate management
HPC Santa Fe, S.A. de C.V.	50%	Hotel management

(iv) Balances and transactions eliminated on consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated on consolidation.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

Transactions in foreign currency are initially translated using the prevailing exchange rate on the day of the initial transactions. Foreign currency denominated assets and liabilities are translated using the exchange rate ruling at the reporting date. Exchange differences are recognized in profit or loss as part of finance costs.

Transactions in foreign currency are initially translated into the Group's functional currency using the prevailing exchange rate on the day of the initial transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. The exchange gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the period, adjusted for payments and effective interest during the period, and the amortized cost in foreign currency translated at the exchange rate ruling at the reporting date. Exchange differences resulting from the re-translation are recognized in profit or loss.

Non-monetary items that are recognized at their historical cost in a foreign currency are translated using the exchange rate prevailing on the date of the transaction.

c) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets 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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trade and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - subsequent measurement and gains and losses

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the EIR method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the EIR method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest income and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

The Group has not complied with the hedge accounting provisions. Therefore, changes are recognized directly in profit or loss in the period in which they are incurred.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

d) Inventories

The Group's inventories consists mainly of the following items: food, beverages and other hotel operating supplies. Inventories are measured at the lower of cost or net realizable value. The cost of inventories is determined using the average cost method, which includes all expenses incurred to acquire inventories.

When required, the Group records provisions to recognize write downs in the value of its inventories due to impairment, obsolescence, low turnover and other circumstances that indicate that the recoverable amounts of inventories are less than their carrying amounts.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

e) Prepaid expenses

Prepaid expenses are primarily comprised of prepaid insurance with a term of less than one year that is amortized over its lifetime. Prepaid expenses are expensed in profit or loss when the good or service is received.

f) Property, furniture and equipment

(i) Recognition and measurement

Property, furniture and equipment is recognized at cost, net of accumulated depreciation and accumulated impairment losses, if any. Land is measured at cost. Assets acquired through business combinations are recognized at fair value (see Note 6).

Costs include all expenditures directly attributable to the acquisition of the asset. The cost of assets built for the Group's own use includes the costs of materials, direct labor costs and other costs required to get the asset ready for use, including the borrowing costs of qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property, furniture and equipment have different useful lives, then they are accounted for as separate items (major components) of property, furniture and equipment.

Gains and losses from the sale of an item of property, furniture and equipment are determined by comparing the proceeds of the sale against the net carrying amount of property, furniture and equipment, and are presented on a net basis as part of the "Other" caption under operating income and property expenses and depreciation in the consolidated statement of comprehensive income.

Operating equipment is mainly comprised of earthenware, glassware, bedding and cutlery expensed at the start of the hotel's operation. Equipment replacements are directly recognized in profit or loss in the period in which they are made. Operating equipment is not subject to depreciation since it roughly represents the Group's investment.

An item of property, furniture and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

(ii) Subsequent costs

The cost to replace an item of property, furniture and equipment (except for replacements of operating equipment) is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and they can be reliably measured. The net carrying amounts of replaced parts are derecognized. Operating costs are expensed as incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, furniture and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Freehold land is not depreciated.

An analysis of the estimated useful lives of property, furniture and equipment is as follows:

ETIMATED USEFUL LIVES	
General construction	70 years
Major refurbishments	20 years
Elevators	30 years
Major systems	23 years
Air conditioning	20 years
Furniture and equipment	10 years
Automotive equipment	4 years
Computer equipment	3 years

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. Minor repair and maintenance costs are expensed as incurred.

The carrying amount of property, furniture and equipment is reviewed annually whenever there are indicators of impairment in the value of such assets. When the recoverable amount of an asset, which is the higher of the asset's expected net selling price and its value in use (the present value of future cash flows), is less than its net carrying amount, the difference is recognized as an impairment loss.

g) Goodwill

Goodwill represents future economic benefits arising from other assets acquired that are not individually identifiable or recognized separately. Goodwill is subject to impairment testing at the end of the reporting period and whenever there are indicators of impairment.

Impairment

The Group assesses at the end of each reporting period whether there is any indicator that its long-lived assets may be impaired, considering, as a minimum, the following indicators:

External sources of information

(a) There are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.

(b) Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.

(c) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(d) The carrying amount of the net assets of the entity is more than its market capitalization.

Internal sources of information

(e) Evidence is available of obsolescence or physical damage of an asset.

(f) Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.

(g) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

(i) Non-derivative financial assets

Financial instruments

The Group recognizes loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortized cost;

The Group measures ECL allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, except for the cases in which the Group has information that the risk has not increased significantly.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or

- the financial asset is more than 90 days past due, or otherwise the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, about past events, current conditions and forecasts of future economic conditions.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate (EIR) of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the issuer or obligor;

- a breach of contract such as a default or being more than 90 days past due;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Derecognition

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

h) Other assets

Other assets primarily include exclusivity rights with finite useful lives and are recognized at cost. Amortization is determined on the assets' carrying amounts on a straight-line basis over 10 and 15 years. In addition, certain recoverable assets are included in the consolidated financial statements as at December 31st, 2023 (see Note 14).

i) Equity investment in associates and other equity investments

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

On December 4th, 2018, the Group entered into a share subscription agreement with Grupo HECFA, S.A. de C.V., in order to develop and build a hotel under the "Breathless" brand in the municipality of Tulum, Quintana Roo. This agreement was entered into through the subsidiary Sunset Tulum, S.A. de C.V., in which the Group holds an equity interest of 25%, without exercising control over the investee. This investment is recognized at cost.

Other investments

On June 12th, 2013, the Group entered into an agreement with OMA Logística, S.A. de C.V. to develop, build and operate a "Hilton Garden Inn" hotel in the Monterrey airport, through the incorporation of a new entity, Consorcio Hotelero Aeropuerto Monterrey, S.A.P.I. de C.V., in which the Group holds an equity interest of 15%, without exercising control over the investee. This investment is recognized at cost.

j) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis based on current salaries and charged to profit or loss as the services are rendered. The related liabilities are recognized at nominal value due to their short-term nature and include employee profit sharing payable, compensated absences, paid annual leave, vacation premium and incentives.

Employee profit sharing is presented as part of costs and expenses in the statement of comprehensive income.

Defined benefit plan

Statutory seniority premiums are calculated estimating the future benefit accrued by employees in exchange for their service in current and past periods; this benefit is discounted to determine its present value. The discount rate is determined by reference to market yields at the date of the statement of financial position on government bonds that have maturity dates approximating the maturity dates of the Group's obligations and that are denominated in the currency that the pension benefits are expected to be paid out in. The calculation is performed annually by a qualified actuary using the projected unit credit method.

Termination benefits

Termination benefits are expensed when the Group can no longer withdraw the offer of those benefits, there is a formal plan to terminate an employee's employment before the normal retirement date, or to provide termination benefits as part of an offer made to encourage voluntary retirement. Termination benefits for cases of early voluntary retirement are expensed only if the Group has made an offer to encourage voluntary retirement, it is probable that the offer will be accepted, and the number of employees who will accept the offer can be reliably estimated. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted to present value.

k) Share-based payments

The Group has established a share-based payment plan for certain employees, whereby it recognizes an operating expense in the statement of comprehensive income and an increase in equity during the vesting period, measured at the fair value of the equity instruments granted. Vesting periods range from one to three years. In accordance with the plan, shares net of tax withholdings are granted to executives who meet the requirement of working uninterruptedly for the Group during the vesting period (see Note 20).

l) Accounts payable, accrued liabilities and provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provision amounts are determined as the present value of the expected outflow of resources to settle the obligation. The provisions are discounted using a pre-tax rate that reflects the current market conditions at the date of the statement of financial position and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are recognized only when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Also, contingencies are recognized only when they generate a loss.

m) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer.

TYPE OF PRODUCT/SERVICE	NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, INCLUDING SIGNIFICANT PAYMENT TERMS	REVENUE RECOGNITION POLICY
Hospitality services	Revenue from hospitality services is recognized as the service is rendered. The degree of completion used to determine the amount of revenue to be recognized is calculated based on a review of the work executed.	Revenue from hospitality services is recognized over time as the services are provided. The stage of completion for determining the amount of revenue to recognize is assessed as the performance obligation is satisfied.
Food and beverages	Revenue from food and beverages is recognized as such items are consumed at hotel restaurants.	Trade advances presented as current liabilities correspond to amounts collected for future bookings, for which the hospitality service has not yet been rendered. Trade advances are recognized as revenue when the service is rendered.
Rental income under IFRS 16 (Group as lessor)	Rental income is recognized on a straight-line basis over the lease term and presented as part of other operating income.	Revenue from food and beverages is recognized as the products are sold.
Revenue from hotel management	Revenue from hotel management is recognized as the services are rendered.	Revenue is recognized over time on a straight-line basis. Advances received are included in contract liabilities.
Loyalty program	The Group offers a loyalty program entitled "Krystal Rewards", through which customers can earn points known as "Krystales", which are redeemable in exchange for services. The equivalent monetary value of these points is deducted from revenue obtained from hospitality services and recognized as a deferred liability. The fair value of loyalty points is determined based on Management's estimates. "Krystal" points expire after two years.	The degree of completion to used determine the amount of revenue to be recognized is calculated over time as the services are rendered. Revenue from this service is recognized as the service is rendered. The degree of completion used to determine the amount of revenue to be recognized is calculated based on a review of the work executed.
Vacation Club revenue	The Group sells memberships that allow customers to enjoy preferential rates and various discounts on hotel services during a certain period.	Revenue is recognized over the term of the agreement.

n) Department costs

Department costs represent costs directly related to revenue from hotel services, food and beverages and other operating income. Such costs primarily include personnel costs (wages and salaries and other employee-related costs), consumption of raw materials and food and beverages.

The cost of food and beverage inventories represents the replacement cost of such inventories at the time of the sale, plus any decrease in the replacement cost or net realizable value of the inventories during the year.

o) Advertising expenses

Advertising expenses are expensed as incurred.

p) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) The Group as a lessee

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

q) Finance income and costs

Finance income includes interest income on invested funds. Interest income is recognized as it accrues in profit or loss, using the EIR method.

Finance costs include interest expenses on debt and bank fees. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the EIR method.

Foreign exchange gains and losses are recognized in the statement of comprehensive income on a net basis.

r) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year for each individual Group entity. Current income tax is determined in accordance with legal and tax requirements for entities in Mexico, applying the tax rates that are enacted or substantively enacted at the reporting date, and any adjustments to taxes from prior years.

Deferred income tax is calculated for each individual Group entity using the asset and liability method. Under this method, deferred taxes are recognized on temporary differences between financial reporting and tax values of assets and liabilities.

Deferred tax is not recognized for the following temporary differences: temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. In addition, the Group does not recognize deferred taxes on taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are calculated applying the enacted income tax rate as of the date of the statement of financial position, or the enacted rate at the date of the statement of financial position that will be in effect when the temporary differences giving rise to deferred tax assets and liabilities are expected to be recovered or settled. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off the recognized amounts and they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the asset will be realized.

s) IFRIC Interpretation 23

The Group periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation, and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. Tax balances are determined based on the 'most likely amount method' or the 'expected value' method, depending on which approach best predicts the resolution of the uncertainty.

t) Employee profit sharing

Current employee profit sharing is determined based on current tax laws and regulations. Under Mexican law, entities are required to distribute 10% of their taxable profit to their employees. Employee profit sharing is presented as part of indirect costs under "Administrative expenses" in the statement of comprehensive income.

As a result of the labor outsourcing reform, as of September 1st, 2021 the method used to calculate employee profit sharing was modified. New requirements are imposed, which establish that the amount of employee profit sharing allocated to each employee cannot exceed the higher of the equivalent of three months of the employee's current salary or the average employee profit sharing received by the employee in the three prior years.

If the amount of employee profit sharing determined by applying the 10% rate to taxable profit is higher than the sum of the employee profit sharing allocated to each employee, the latter must be considered as the amount of employee profit sharing payable for the period. In accordance with the Mexican Labor Law, the difference between these two amounts does not generate a payment obligation either in the current or future periods.

If the amount of employee profit sharing determined by applying the 10% rate to taxable profit is lower or equal than the sum of employee profit sharing allocated to each employee, the current employee profit sharing will be the amount determined by applying the 10% rate to taxable profit.

u) Contingencies

Contingent liabilities are recognized only when it is probable that they will be realized and the amount of the obligation can be reliably measured. When the amount of the obligation cannot be reliably measured, a qualitative disclosure is included in the notes to the consolidated financial statements. Contingent revenue, earnings or assets are recognized only when it is virtually certain that they will be realized.

v) Segment information

Segment results reported by the Group's Board of Directors (decision makers) include items directly attributable to a specific segment, as well as any items that can be reasonably identified and allocated to that segment. Expense items that cannot be directly attributed to hotels (Urban and Resort), such as salaries, office rentals and other administrative expenses, among others, are presented as part of the "Operadora" segment.

w) Basic earnings/(loss) per share

The Group presents basic earnings per share (EPS) attributable to ordinary shareholders. Basic EPS is calculated by dividing the profit/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year and adjusted based on the shares held by the Group.

4. NEW ACCOUNTING PRONOUNCEMENTS

New and amended standards and interpretations

The Group applied for the first-time certain standards and interpretations, which are effective for annual periods beginning on or after January 1st, 2023 (except where otherwise indicated). The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts (IFRS 17) is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts (IFRS 4) and applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers and that covers all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

These amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 8 Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments had no impact on the Group's consolidated financial statements.
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12

Amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

These amendments had no impact on the consolidated financial statements of the Group.

International Tax Reform – Pillar Two Model Rules- Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1st, 2023, but not for any interim periods ending on or before December 31st, 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

5. FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Foreign currency risk
- Interest rate risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises primarily from the Group's accounts receivable.

Trade receivables, related party receivables and other accounts receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Since the Group provides its services to a large number of customers, there is no significant concentration of business in any one customer.

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered for hospitality services. The Group's review includes external ratings, if they are available, and in some cases bank references. Credit limits are established for each customer, representing the maximum amount available. Customers who fail to meet the Group's creditworthiness requirements can only carry out transactions if such transactions are paid in advance or in cash to the Group.

In response to the COVID-19 pandemic, Group management has carried out periodic reviews of credit limits for customers who were significantly affected by the pandemic.

The Group creates a provision for impairment losses representing its best estimate of expected losses in respect of trade receivables and other accounts receivable. The primary factors in this provision are a specific ECL component that corresponds to significant individual risks. The provision is recognized as part of operating expenses in the statement of comprehensive income.

Investments

The Group limits its exposure to credit risk by investing only in "over-the-counter" securities, which are highly liquid and low risk.

Guarantees

The Group's policy is to provide financial guarantees only for liabilities of subsidiaries in which it holds at least a 90% equity interest.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation (see Note 21).

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations, over a period of 30 days. This excludes the possible impact of extreme circumstances that are not reasonably predictable, such as natural disasters, for which the Group has contracted insurance policies.

The measures implemented by the Group to respond to potential future liquidity constraints include the following:

- The Group has increased its flexibility in relation to booking, cancellation and modification policies to be more accommodative to its guests;

- The Group has negotiated with its workforce to obtain enough support to maintain its hotels without the need to suspend operations;

- The Group has established strict cost and expense controls primarily including: i) negotiation of adjustments to payment terms and price reductions with suppliers in order to guarantee liquidity during upcoming months; and ii) maintenance that supports operations and adaptation to new sanitary measures;

- The Group has renegotiated its debt agreements and entered into debt amending agreements in April, May and June 2020 with BBVA Bancomer, S.A. to defer the payment of principal and interest for up to 6 months; with Banco Sabadell, S.A. for up to 12 months starting in June and September 2020; and with Banco Santander México and Banco Ve por Más, S.A. for six months, starting in June 2020.

- In October, November and December 2020, the Group entered into new debt amending agreements with BBVA Bancomer, S.A. to defer the payment of principal and interest for up to six months.

- In November 2022, Banorte, S.A. granted a revolving line of credit through a promissory note from which the principal and interest are paid.

- As at December 31st, 2023 and 2022, the Group obtained waivers from banks in relation to the breach of affirmative and negative covenants, guaranteeing that the debt will not be due within the next 12 months (i.e., from January 1st, to December 31st, 2023 and 2022).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to currency risk primarily from the rendering of services and loans denominated in a currency other than its functional currency (Mexican peso). The foreign currency in which these transactions are mainly denominated is the U.S. dollar (USD).

Interest on loans is denominated in the currency of the loan (U.S. dollar).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept at an acceptable level by buying or selling foreign currencies in cash or at spot rates when necessary to address short-term imbalances.

Interest rate risk

Interest rate fluctuations affect the fair value (fixed-rate instruments) or future cash flows (variable-rate instruments) of debt instruments. Management does not have formal policies in place to determine how much of its exposure should be at fixed or variable rates. However, when obtaining new loans, management applies judgment to determine whether a fixed or a variable rate would be more favorable for the Group over the life of loan.

The Group's policy is to hedge against benchmark rates of its bank loans based on market conditions. Currently, the Group holds a current position in interest rate options (LIBOR and TIIE) that serve to limit interest rates in variable rate loans.

Capital management

The Group aims to maintain a strong capital base to meet its operating and strategic needs and maintain confidence among market participants. This is achieved through optimal cash management, continuous monitoring of revenue and profits, and long-term investment plans that are used to finance the Group's operating cash flows. Through these measures, the Group seeks to achieve constant profitability.

6. BUSINESS COMBINATIONS, GOODWILL AND ASSETS HELD FOR SALE

Identifiable assets acquired and liabilities assumed

Business combinations are accounted for using the acquisition method as of the acquisition date (the date when the Group acquires control of an entity). Management determined that the Group has achieved control as it: i) has power over the investee; ii) it has exposure, or rights, to variable returns from its involvement with the investee; and iii) has the ability to use its power over the investee to affect its returns.

An analysis of identifiable assets acquired and liabilities assumed in business combinations is as follows:

MHKL Hotel Venture México S.A. de C.V.

On December 14th, 2022, the Group, in association with an external partner, acquired a hotel property located in Playa del Carmen, Quintana Roo, with 195 rooms operating under the "Mahekal Beach Resort" brand name for USD 56,000,000.

This acquisition was partially financed through a bank loan of USD 33,000,000.00, and the rest was paid by means of shareholder contributions.

As a result of the recognition of the acquisition in accordance with IFRS 3 Business Combinations, the Group did not recognize goodwill because the acquired goods were measured at fair value. The Group will use the measurement period of one year from the acquisition date, as established under IFRS 3, to complete the fair value documentation. However, the Group does not expect the recognition of this transaction to have any effect on its consolidated financial statements.

Grupo Inmobiliario 1991, S.A. de C.V.

On August 18th, 2018, the Group, through a shareholder resolution of the subsidiary Inmobiliaria K Suites, S.A.P.I. de C.V., agreed to a capital contribution in Grupo Inmobiliario 1991, S.A. de C.V. of Ps. 132,000 through the capitalization of debt owed to Inmobiliaria K Suites 1991, S.A.P.I. de C.V., through which the Group acquired a 50%-stake in the company.

The property owned by Grupo Inmobiliario 1991 is the hotel "Krystal Grand Suites 1991", which currently has 150 rooms and is operated by a subsidiary of the Group.

The acquisition of the aforementioned hotel was financed through a bank loan obtained by a subsidiary of the Group.

As a result of the recognition of the acquisition in accordance with IFRS 3 Business Combinations, the Group recognized goodwill net of deferred tax of Ps. 22,762 using the acquisition method at the date of acquisition, which is the date on which control is transferred to the Group.

Inmobiliaria Hotelera del Bajío S.F., S.A. de C.V.

On August 24th, 2018, the Group agreed to a variable capital increase in its 50%-owned subsidiary Inmobiliaria Hotelera del Bajío S.F., S.A.de C.V. ("IHB") of Ps. 128,250, through which the share capital of IHB was increased to 256,503,000 shares, with a proportional share being subscribed by the other partner.

With the funds obtained, on the same date the subsidiary acquired property, furniture and equipment in the city of León, Guanajuato, consisting of a hotel with 140 rooms that operates under the "Hotel Hyatt Centric Campestre León" brand name and is operated by the Group.

The capital contribution was financed through a bank loan obtained by a subsidiary of the Group.

As a result of the recognition of the acquisition in accordance with IFRS 3 Business Combinations, the Group did not recognize goodwill because the acquired goods were measured at fair value.

ICD Sitra, S.A. de C.V. and Sibra Vallarta, S.A. de C.V.

On February 21st, 2017, the Group entered into an agreement whereby it agreed to subscribe a capital increase in the variable portion of the share capital of ICD Sitra, S.A. de C.V. (Sitra), thereby acquiring a 50%-stake in the entity.

Sitra's assets include a hotel with 454 Gran Turismo rooms, which will be operated by the Group under the "Krystal Grand" brand known as "Krystal Grand Los Cabos".

On February 28th, 2017, the Group entered into an agreement whereby it agreed to subscribe a capital increase in the variable portion of the share capital of Sibra Vallarta, S.A. de C.V. (Sibra), thereby acquiring a 50%-stake in the entity.

Sibra's assets include a hotel with 480 Gran Turismo rooms, which will be operated by the Group under the "Krystal Grand" brand known as "Krystal Grand Nuevo Vallarta".

The acquisition of the aforementioned hotels was financed with funds from the Subsequent Public Offering of shares in Mexico and Chile that took place on July 7th, 2016.

As a result of the recognition of the acquisition in accordance with IFRS 3 Business Combinations, the Group recognized goodwill net of deferred tax of Ps. 224,059 using the acquisition method at the date of acquisition, which is the date on which control is transferred to the Group.

As at December 31st, 2020, the Group recognized impairment of Ps. 9,198 in the value of goodwill corresponding to Sitra. Accordingly, as at December 31st, 2020, the goodwill of both entities in the amount of Ps. 224,059 decreased by the impairment amount. The current balance of goodwill arising from this acquisition is Ps. 214,861 which corresponds to Sibra.

Moteles y Restorانes María Bárbara, S.A. de C.V.

On May 7th, 2015, the Group acquired a hotel located in the State of Mexico, in the Municipality of Naucalpan, with 215 rooms operating under the "Krystal Satélite María Bárbara" brand name in the amount of Ps. 205,265. The identifiable assets acquired and liabilities assumed in the acquisition of this entity gave rise to goodwill of Ps. 62,130, which was recognized in the financial statements on the date on which the transaction occurred.

Inmobiliaria en Hoteleria Cancún Santa Fe, S.A. de C.V.

On September 24th, 2013, the Group acquired a hotel located in the city of Cancun, Quintana Roo, Mexico. The identifiable assets acquired and liabilities assumed in the acquisition of this entity gave rise to goodwill of Ps. 45,864, which was recognized in the financial statements on the date on which the transaction occurred.

Assets held for sale

On December 15th, 2022, the Group entered into an agreement for the sale of one of the Group's hotels, Hilton Guadalajara, to Barceló Hotel Group. As of that date, the assets and liabilities of this hotel have been classified as available for sale. This transaction concluded on May 16th, 2023 when the sale of the hotel in the amount of Ps. 1,051,684 materialized, giving rise to an accounting profit of Ps. 310,331.

7. BUSINESS SEGMENT INFORMATION

a) Basis for segmentation

The Group has three operating segments, which are classified by type of service due to the similarity of their economic characteristics:

- Urban Services
- Resort Facilities
- Operator and Holding

The Urban segment comprises City hotels, the Resort segment comprises beachfront hotels, and the Operator and Holding segment comprises third-party hotels and administrative services.

Operating segment performance is measured based on the total revenue and operating profit of each operating segment, since Management believes that such information is the most appropriate to evaluate performance. An analysis of the financial information of each operating segment is as follows:

2023

	URBAN	RESORT FACILITIES	OPERATOR AND HOLDING	CONSOLIDATED
Total operating profit	**Ps. 677,868**	**Ps. 2,173,303**	**Ps. 108,036**	**Ps. 2,959,207**
Depreciation and amortization	**111,284**	**171,284**	**24,747**	**307,315**
Operating profit	**102,122**	**551,356**	**37,101**	**690,579**
Consolidated net profit/(loss)	**Ps. 479,331**	**Ps. 512,696**	**Ps. (399,132)**	**Ps. 592,895**

2022

	URBAN	RESORT FACILITIES	OPERATOR AND HOLDING	CONSOLIDATED
Total operating profit	Ps. 611,706	Ps. 1,749,019	Ps. 294,492	Ps. 2,655,217
Depreciation and amortization	110,510	151,861	18,832	281,203
Operating profit/(loss)	90,793	444,509	(180,711)	354,590
Consolidated net (loss)/profit	Ps. (40,805)	Ps. 162,286	Ps. 76,823	Ps. 198,304

An analysis of the Group's consolidated financial position for 2023 and 2022 is as follows:

2023

	URBAN		RESORT FACILITIES		OPERATOR AND HOLDING		CONSOLIDATED	
Total assets	**Ps.**	**4,058,423**	**Ps.**	**6,869,355**	**Ps.**	**849,835**	**Ps.**	**11,777,613**
Total liabilities		**1,525,447**		**3,354,806**		**75,761**		**4,956,014**

2022

	URBAN		RESORT FACILITIES		OPERATOR AND HOLDING		CONSOLIDATED	
Total assets	Ps.	3,272,142	Ps.	7,041,306	Ps.	2,330,883	Ps.	12,644,331
Total liabilities		1,101,235		3,755,550		930,138		5,786,923

8. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

An analysis of cash, cash equivalents and restricted cash as at December 31st, 2023 and 2022 is as follows:

	2023		2022	
Cash	Ps.	100,431	Ps.	218,830
Short-term investments		101,312		225,393
Total current cash and cash equivalents		201,743		444,223
Long-term restricted cash (1)		137,702		155,761
Total cash, cash equivalents and restricted cash	**Ps.**	**339,445**	**Ps.**	**599,984**

(1) Restricted cash comprises certain deposits to guarantee payment of bank loans.

9. ACCOUNTS RECEIVABLE

An analysis of accounts receivable as at December 31st, 2023 and 2022 is as follows:

	2023		2022	
Guests and travel agencies	Ps.	82,158	Ps.	95,223
Vacation Club		19,021		27,640
Airlines		99,263		68,860
		200,442		191,723
Less: allowance for doubtful accounts		1,934		2,977
Total accounts receivable	**Ps.**	**198,508**	**Ps.**	**188,746**

The Group's exposure to credit and foreign currency risks and impairment losses related to accounts receivable is disclosed in Note 21.

10. RELATED PARTY BALANCES AND TRANSACTIONS

a) Control relationships

On June 8th, 2023, control trust F/154, created by the founders in Casa de Bolsa Ve por Más, S.A. de C.V., Grupo Financiero Ve Por Más, Fiduciary división, was extinguished and as of that date the shares held by each shareholder are individually traded in the stock market and among the investing public.

The Board of Directors exercises control over Grupo Hotelero Santa Fe, S.A.B. de C.V.

b) Key management personnel compensation

Key management personnel received the following salary compensation, which is recognized as part of personnel costs as shown below:

	2023		2022	
Short-term employee benefits	**Ps.**	**76,152**	**Ps.**	**56,874**

c) Other related party transactions

An analysis of other related party transactions for the years ended December 31st, 2023 and 2022 is as follows:

(i) Revenue

	TRANSACTION VALUE	
	2023	2022
Base management fees:		
Hotelera Chicome, S.A. de C.V.	Ps. 14,066	Ps. 14,823
Promotora Turística Mexicana, S.A. de C.V.	9,432	8,614
Hotelera Caracol, S.A. de C.V.	7,701	6,266
Consorcio Hotelero Aeroportuario Monterrey, S.A.P.I. de C.V.	3,457	2,822
Inmobiliaria en Hotelería SFGH, S. de R.L. de C.V.	774	-
Incentive fees:		
Hotelera Chicome, S.A. de C.V.	Ps. 13,119	Ps. 15,794
Promotora Turística Mexicana, S.A. de C.V.	11,022	10,271
Hotelera Caracol, S.A. de C.V.	7,548	6,266
Consorcio Hotelero Aeropuerto Monterrey, S.A.P.I. de C.V.	5,455	4,399
Inmobiliaria en Hotelería SFGH, S. de R.L. de C.V.	758	-
Interest income:		
Roseg, S.A. de C.V.	-	872
Corporate and international advertising revenue:		
Hotelera Chicome, S.A. de C.V.	Ps. 6,131	Ps. 7,945
Promotora Turística Mexicana, S.A. de C.V.	3,687	4,139
Hotelera Caracol, S.A. de C.V.	4,156	4,124
Other income:		
Hotelera Chicome, S.A. de C.V.	Ps. 242	Ps. 1,246
Promotora Turística Mexicana, S.A. de C.V.	47	950
Hotelera Caracol, S.A. de C.V.	34	825
Consorcio Hotelero Aeropuerto Monterrey, S.A.P.I. de C.V.	5	532
Inmobiliaria en Hotelería SFGH, S. de R.L. de C.V.	4,228	-

(ii) Expenses

	TRANSACTION VALUE	
	2023	2022
Recoverable expenses:		
Promotora Turística Mexicana, S.A. de C.V.	Ps. 10,486	Ps. 11,576
Servicios Corporativos Krystal Vallarta, S.A. de C. V	7,427	851
Hotelera Chicome, S.A. de C.V.	288	-
Hotelera Caracol, S.A. de C. V	55	404
Consorcio Hotelero Aeropuerto Monterrey, S.A.P.I. de C.V.	36	33
Administrative service expenses:		
Servicios Administrativos Chartwell, S.A. de C.V.	Ps. 3,575	Ps. 3,295
Rent:		
Inmobiliaria de la Parra, S. de R.L. de C.V.	Ps. 6,669	Ps. 7,177
Extraordinary fees (Note 14):		
Hotelera Chicome, S.A. de C.V.	Ps. 18,824	Ps. 19,782
Promotora Turística Mexicana, S.A. de C.V.	13,094	11,175
Hotelera Caracol, S.A. de C.V.	9,365	8,086

(iii) Pricing policies

In the determination of the prices charged in transactions with related parties, such prices are similar to the prices that would have been used with or between independent parties in comparable transactions.

An analysis of balances due from and to related parties as at December 31st, 2023 and 2022 is as follows:

	2023	2022
Accounts receivable		
Roseg, S.A. de C.V. (1)	Ps. 10,029	Ps. 11,722
Inmobiliaria en Hotelería SFGH, S. de R.L. de C.V.	5,778	-
Hotelera Chicome, S.A. de C.V.	2,336	1,086
Hotelera Caracol, S.A. de C.V.	2,194	1,175
Consorcio Hotelero Aeroportuario Monterrey, S. de R.L. de C.V.	635	755

		2023		2022
Accounts receivable				
Promotora Turística Mexicana, S.A. de C.V.		610		-
Servicios Integrales Parimba, S.A. de C.V.		502		502
Administración S.F. Reforma, S. de R.L. de C.V.		218		218
Nexxus Capital Private Equity Fund III, L. P.		2		2
Comercializadora MP, S.A. de C.V		2		2
Sunset Tulum S.A. de C.V		6,206		
Total accounts receivable	**Ps.**	**28,512**	**Ps.**	**15,462**

		2023		2022
Accounts payable				
Servicios Corporativos Krystal Vallarta, S.A. de C.V.	Ps.	487	Ps.	264
Promotora Turística Mexicana, S.A. de C.V.		-		179
Servicios Corporativos Krystal Cancun, S.A. de C.V.		8		50
Operadora Inca, S.A. de C.V.		23		35
Inmobiliaria Hotelera de la Peninsula, S.A. de C.V.		2		2
Roseg, S.A. de C.V.		37		-
Total payables	**Ps.**	**557**	**Ps.**	**530**

(1) This caption includes a term loan that the Group has extended to Roseg, S.A. de C.V. for financing of USD 2,000,000. The loan bears interest at a fixed rate of 10%, payable in 20 monthly installments commencing as of August 1st, 2019 and due on March 1st, 2022. As of December 31st, 2023, the Group has collected interest of USD 66,963. The outstanding balance of this loan as at December 31st, 2023 is USD 593,167.

As at December 31st, 2023 and 2022, balances receivable due from and payable due to related parties correspond to hotel management and operation agreements, and current account balances that bear no interest and have no specific maturities. The Group's exposure to credit and liquidity risks related to related party payables is disclosed in Note 21.

11. RECOVERABLE TAXES

An analysis of recoverable taxes as at December 31st, 2023 and 2022 is as follows:

		2023		2022
Recoverable value added tax	Ps.	371,419	Ps.	461,498
Recoverable income tax		85,205		66,952
Other		1,732		1,719
	Ps.	**458,356**	**Ps.**	**530,169**

12. INVENTORIES

An analysis of inventories as at December 31st, 2023 and 2022 is as follows:

		2023		2022
Food	Ps.	13,130	Ps.	12,199
Beverages		6,265		6,770
Other operating supplies		13,302		12,856
	Ps.	**32,697**	**Ps.**	**31,825**

For the years ended December 31st, 2023 and 2022, inventories are recognized in profit or loss as part of cost of sales.

13. PROPERTY, FURNITURE AND EQUIPMENT

An analysis of property, furniture and equipment is as follows:

INVESTMENT	LAND	OPERATING EQUIPMENT	BUILDINGS	FURNITURE AND EQUIPMENT	CONSTRUCTION IN PROGRESS [2]	TOTAL
Balance as at December 31st, 2022	Ps. 2,544,054	Ps. 90,732	Ps. 5,798,976	1,081,742	Ps. 1,398,617	Ps. 10,914,121
Acquisitions [1]	2,744	-	184,504	139,018	10,346	336,612
Disposals	(23,272)	-	(44,540)	(19,511)	-	(87,323)
Transfers	-	-	767,295	-	(1,408,962)	(641,667)
Balance as at December 31st, 2023	Ps. 2,523,526	Ps. 90,732	Ps. 6,706,235	Ps. 1,201,249	Ps. -	Ps. 10,521,743
Investment	-	-	-	-	-	-
Balance as at December 31st, 2023	**Ps. 2,523,526**	**Ps. 90,732**	**Ps. 6,706,235**	**Ps. 1,201,249**	**Ps. -**	**Ps. 10,521,743**

INVESTMENT	LAND	OPERATING EQUIPMENT	BUILDINGS	FURNITURE AND EQUIPMENT	CONSTRUCTION IN PROGRESS [2]	TOTAL
Balance as at December 31st, 2021	Ps. 1,862,624	Ps. 116,844	Ps. 6,276,997	Ps. 1,076,828	Ps. 992,820	Ps. 10,326,113
Acquisitions [1]	741,132	4,880	452,502	103,938	405,797	1,708,250
Disposals	-	(650)	(2,226)	(2,032)	-	(4,908)
Transfers		-	-		-	-
Balance as at December 31st, 2022	Ps. 2,603,756	Ps. 121,074	Ps. 6,727,273	Ps. 1,078,734	Ps. 1,398,617	Ps. 12,029,454
Investment	(59,702)	(30,342)	(928,297)	(96,992)	-	(1,115,333)
Balance as at December 31st, 2022	**Ps. 2,544,054**	**Ps. 90,732**	**Ps. 5,798,976**	**Ps. 1,081,742**	**Ps. 1,398,617**	**Ps. 10,914,121**

ACCUMULATED DEPRECIATION	LAND	OPERATING EQUIPMENT	BUILDINGS	FURNITURE AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Balance as at December 31st, 2022	-	-	Ps. 880,569	Ps. 664,879	-	Ps. 1,545,448
Depreciation for the year	-	-	155,309	117,750	-	273,059
Disposals	-	-	25,291	(28,331)	-	(3,040)
Transfers	-	-	1	1	-	2
Balance as at December 31st, 2023	Ps. -	Ps. -	Ps. 1,061,170	Ps. 754,299	Ps. -	Ps. 1,815,469
Accumulated depreciation	-	-	-	-	-	-
Balance as at December 31st, 2023	**Ps. -**	**Ps. -**	**Ps. 1,061,170**	**Ps. 754,299**	**Ps. -**	**Ps. 1,815,469**

ACCUMULATED DEPRECIATION	LAND	OPERATING EQUIPMENT	BUILDINGS	FURNITURE AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Balance as at December 31st, 2021	Ps. -	Ps. -	Ps. 962,858	Ps. 639,778	Ps. -	Ps. 1,602,636
Depreciation for the year	-	-	183,693	95,855	-	279,548
Disposals	-	-	(103)	(15)	-	(118)
Transfers	-	-	(4,390)	4,390	-	-
Balance as at December 31st, 2022	Ps. -	Ps. -	Ps. 1,142,058	Ps. 740,008	Ps. -	Ps. 1,882,066
Accumulated depreciation	-	-	(261,489)	(75,129)	-	(336,618)
Balance as at December 31st, 2022	**Ps. -**	**Ps. -**	**Ps. 880,569**	**Ps. 664,879**	**Ps. -**	**Ps. 1,545,448**

IMPAIRMENT		LAND		OPERATING EQUIPMENT		BUILDINGS		FURNITURE AND EQUIPMENT		CONSTRUCTION IN PROGRESS		TOTAL
Balance as at December 31st, 2022	Ps.	-	Ps.	-	Ps.	86,802	Ps.	-	Ps.	-	Ps.	86,802
Increases		-		-		-		-		-		-
Reversals		-		-		-		-		-		-
Balance as at December 31st, 2023	**Ps.**	**-**	**Ps.**	**-**	**Ps.**	**86,802**	**Ps.**	**-**	**Ps.**	**-**	**Ps.**	**86,802**

IMPAIRMENT		LAND		OPERATING EQUIPMENT		BUILDINGS		FURNITURE AND EQUIPMENT		CONSTRUCCIÓN IN PROGRE SS		TOTAL
Balance as at December 31st, 2021	Ps.	-	Ps.	-	Ps.	86,802	Ps.	-	Ps.	-	Ps.	86,802
Increases		-		-		-		-		-		
Reversals		-		-		-		-		-		
Balance as at December 31st, 2022	**Ps.**	**-**	**Ps.**	**-**	**Ps.**	**86,802**	**Ps.**	**-**	**Ps.**	**-**	**Ps.**	**86,802**

CARRYING AMOUNT:												
Balance as at December 31st, 2023	**Ps.**	**2,523,526**	**Ps.**	**90,732**	**Ps.**	**5,558,263**	**Ps.**	**446,950**	**Ps.**	**-**	**Ps.**	**8,619,472**
Balance as at December 31st, 2022	Ps.	2,544,054	Ps.	90,732	Ps.	4,918,407	Ps.	416,863	Ps.	1,398,617	Ps.	9,281,871

As at December 31st, 2023, all construction projects in progress were completed. As at December 31st, 2022, the estimated cost to complete construction projects in progress amounted to Ps. 52,103.

(1) Includes bank interest of Ps. 32,684 in 2023 and Ps. 57,247 for construction projects in progress in 2022.

(2) Construction in progress in 2022 of Ps. 1,398,617 correspond to the construction of the Hyatt Insurgentes 724 hotel, which began operations in April 2023. As at December 31st, 2023, the balance for construction projects in process is zero. For the years ended December 31st, 2023 and 2022, there were no indicators of impairment in the Group's long-lived assets.

Depreciation expense for the years ended December 31st, 2023 and 2022 was Ps. 293,316 and Ps. 273,625, respectively.

Apartment inventory

The Group built 87 apartments for sale in the upper floors of the Hyatt Regency Insurgentes 724 hotel. As at December 31st, 2023, 47 apartments have been sold, five of whichhave been delivered and transferred by deed. Revenue and cost of sales is Ps. 45,001 and Ps 49,552, respectively, and are presented in the statement of comprehensive income as part of Other income and expenses. The apartments sold and delivered in 2023 were sold at a special presale price.

The 42 apartments sold but not yet transferred by deed represent revenue of Ps. 212,449, which is presented in the statement of financial position under Short-term security deposits.

In the statement of financial position, Apartment inventory includes the 82 apartments still pending public record registration, which amount to Ps 713,588.

Impact of hurricane Otis to Krystal Beach Acapulco hotel

On October 27th, 2023, the Krystal Beach Acapulco hotel was struck by hurricane Otis, resulting in damages to 200 rooms and furniture within. The hotel has an insurance policy and is in the process of filing the claim with the insurance company.

As at December 31st,2023, the Group received an advance payment of Ps. 8,000 from the insurance company and derecognized damaged fixed assets of Ps.51,550. These amounts are presented in the statement of comprehensive income under Other income and expenses.

The hotel is expected to reopen in the second half of 2024.

14. OTHER ASSETS

An analysis of other assets is as follows:

		2023		2022
Security deposits [7]	Ps.	6,351	Ps.	173,600
Accounts receivable - Vacation Club [6]		122,315		126,661
Exclusivity rights [1] [2] [3] [4] [5]		139,270		97,987
Other		3,015		7,496
		270,951		405,744
Less:				
Accumulated amortization		33,349		19,351
	Ps.	**237,602**	**Ps.**	**386,393**

(1) On February 23rd, 2020, Hotelera SF, S. de R.L. de C.V. (the Operator) entered into hotel management and operation agreements with Hotelera Chicome, S.A. de C.V., Hotelera Caracol, S.A. de C.V. and Promotora Turística Mexicana, S.A. de C.V. (the Owners), whereby the Owners entrust the Operator with, and the Operator agrees and undertakes to carry out, the management and operation of the hotels, which will be sold under the "Krystal" brand name.

These agreements are for a term of ten years commencing on February 23rd, 2020 (date of startup of operations). The agreements establish an extraordinary fee payable to the Owners for having chosen the Operator. The Operator will pay the Owners on a monthly basis within 60 months after the startup of operations advances on a predetermined monthly extraordinary fee consisting of 4% of gross income plus VAT. The extraordinary fee will be paid by the Operator within a 120-month period beginning on February 23rd, 2020.

For the years ended December 31st, 2023 and 2022, the amount of this fee carried to the statement of comprehensive income was Ps. 11,972 and Ps. 5,931, respectively.

(2) On November 1st, 2017, Hotelera SF, S. de R.L. de C.V. entered into a hotel management and operation agreement with Parimba, S.A.P.I. de C.V., for the management and operation of a 144-room hotel, which will be sold under the "Hyatt Place Aguascalientes" brand and trade name. The agreement establishes the payment of an extraordinary fee of Ps. 12,000 as consideration for having been chosen by the owner to operate the hotel for an initial period of 20 years. The extraordinary fee will be paid over the same period. For the years ended December 31st, 2023 and 2022, the amount of this fee carried to the statement of comprehensive income was Ps. 600 and Ps. 600, respectively.

(3) On March 13th, 2017, Hotelera SF, S. de R.L. de C.V. entered into a hotel management and operation agreement with Servicios Integrales PIN, S.A.P.I. de C.V., to operate a 140-room hotel in the City of Irapuato, Guanajuato. The hotel operates as a franchise of an international brand. The agreement establishes the payment of a hotel fee to operate the hotel for a period of 15 years. The extraordinary fee is paid on a monthly basis over the same period in the amount of Ps. 7,000 as consideration for having been chosen by the owner to operate the hotel. For the years ended December 31st, 2022 and 2021, the amount of this fee carried to the statement of comprehensive income was Ps. 467 and Ps. 467, respectively.

(4) On March 17th, 2016, Hotelera SF, S. de R.L. de C.V. entered into a hotel management and operation agreement with Inca Inmobiliaria Monterrey, S.A. de C.V., which is the owner of the "Krystal Monterrey" hotel. The agreement establishes the payment of an extraordinary fee of Ps. 6,000, as consideration for having been chosen by the owner to operate the hotel for an initial period of 10 years. The extraordinary fee will be paid over the same period. For the years ended December 31st, 2023 and 2022, the amount of this fee carried to the statement of comprehensive income was Ps. 600 and Ps. 600, respectively.

(5) On December 22nd, 2015, Hotelera SF, S. de R.L. de C.V. entered into a hotel management and operation agreement with Servicios Hoteleros Metropolitanos S.A. de C.V., which is the owner of the "Krystal Urban Aeropuerto Ciudad de México" hotel. The agreement establishes the payment of an extraordinary fee of Ps. 3,600 as consideration for having been chosen by the owner to operate the hotel for an initial period of 10 years. The extraordinary fee will be paid on a monthly basis over the same period. For the years ended December 31st, 2023 and 2022, the amount of this fee carried to the statement of comprehensive income was Ps. 360 and Ps. 360, respectively.

(6) As of March 2022, the Group sells Vacation Club memberships for the Krystal Grand Cancun, Krystal Grand Los Cabos and Krystal Grand Nuevo Vallarta hotels. This loyalty program offers customers an exclusive club membership, as well as discounts and benefits on booking and food and beverage rates during periods of between five and 20 years, depending on the duration and type of membership purchased.

(7) On September 1st, 2021, the Group entered into a stock purchase and sale agreement subject to conditions precedent with Inmobiliaria Remirez de Ganuza, S. de R.L. de C.V., whereby the Group agrees to acquire a 25% equity interest in the share capital of Sunset Tulum, S.A. de C.V. Under the agreement, the Group agreed to deliver a security deposit of Ps. 50,000 for the acquisition of these shares, which was delivered on September 13th, 2021.

On June 17th, 2022, the Group's Board of Directors unanimously agreed to increase the security deposit by USD 6,000,000, which was delivered in two installments: (i) USD 3,000,000 on July 27th, 2022 and (ii) USD 3,000,000 on August 3rd, 2022. The Group expects to complete this acquisition in Q1 2023.

On June 17th, 2022, the Group's Board of Directors unanimously agreed to increase the security deposit by USD 6,000,000, which was delivered in two installments: (i) USD 3,000,000 on July 27th, 2022 and (ii) USD 3,000,000 on August 3rd, 2022. The Group expects to complete this acquisition in Q1 2023.

Amortization expense for other assets recognized in profit or loss as part of the caption costs and expenses was Ps. 13,999 and Ps. 7,578, respectively.

15. SHORT- AND LONG-TERM DEBT

An analysis of the Group's long-term bank loans as at December 31st, 2023 and 2022 is as follows:

	2023	2022
Term loan extended by BBVA Bancomer, S.A. to Inmobiliaria en Hotelería Guadalajara Santa Fe, S. de R.L. de C.V., and Inmobiliaria en Hotelería Monterrey Santa Fe, S. de R.L. for financing of up to USD 29,000,000. The loan bears interest at the 90-day LIBOR rate, plus 3.10 percentage points, payable in 40 quarterly installments commencing as of June 29th, 2011 and due in 10 years. The last payment of USD 8,700,000 corresponds to 30% of the total debt. This loan was restructured in 2019. On July 16th, 2019, the Group entered into an amending agreement to the original term loan agreement entered into by and between BBVA and Inmobiliaria en Hotelería Guadalajara Santa Fe, S. de R.L. de C.V., and Inmobiliaria en Hotelería Monterrey Santa Fe, S. de R.L. de C.V., which established that the loan will now bear interest at the 90-day LIBOR rate, plus 3.10 percentage points payable in 40 quarterly installments, and due on July 2nd, 2029. On June 5th, and December 16th, 2020, the Group entered into two amending agreements to the original loan agreement to change the payment schedule, in order to allow the Group to defer payment of four quarterly installments corresponding to the period from June 30th, 2020 to March 31st, 2021 by adding them to the last payment of the loan, which amounts to USD 4,987,284 and is payable on July 2nd, 2029. On May 16th, 2023, this loan was repaid in full.	Ps. -	Ps. 209,942

	2023	2022
Term loan extended by BBVA Bancomer, S.A. to Inmobiliaria en Hotelería Vallarta Santa Fe, S. de R.L. de C.V. for financing of up to USD 22,000,000. The loan bears interest at the 90-day LIBOR rate, plus 3.10 percentage points, payable in 40 quarterly installments commencing as of October 31st, 2014 and due in 10 years. The last payment of USD 6,600,000 corresponds to 30% of the total debt.		
On April 30th, and October 30th, 2020, the Group entered into two amending agreements to the original loan agreement to change the payment schedule, in order to allow the Group to defer payment of four quarterly installments corresponding to the period from April 30th, 2020 to February 2nd, 2021 by adding them to the last payment of the loan, which amounts to USD 8,007,375 and is payable on July 14th, 2023.	Ps. 128,831	Ps. 180,432
Term loan extended by BBVA Bancomer, S.A. to Grupo Hotelero SF de México, S. de R.L. de C.V. for financing of Ps. 120,000. The loan bears annual interest at the TIIE rate, plus 2.95% (two point ninety-five percentage points). If no rate is established in the agreement, the loan shall bear annual interest at the CETES rate, plus 2.95% (two point ninety-five percentage points), payable in 40 quarterly installments commencing as of February 29th, 2016 and due in 10 years. The last payment of Ps. 36,000 corresponds to 30% of the total debt. This loan was restructured in 2019 to change its denomination from Mexican pesos to U.S. dollars.		
Mortgage-backed term loan extended by BBVA Bancomer, S.A. to Grupo Hotelero SF de México, S. de R.L. de C.V. for financing of USD 4,736,223. This loan bears interest at the 90-day LIBOR rate, plus 3.10 percentage points payable in 25 quarterly installments commencing as of August 31st, 2019 and due on November 21st, 2025.		
On May 20th, and November 26th, 2020, the Group entered into an amending agreement to the original loan agreement to change the payment schedule, in order to allow the Group to defer payment of four quarterly installments corresponding to the period from May 31st, 2020 to February 28th, 2021 by adding them to the last payment of the loan, which amounts to USD 2,351,892 and is payable on November 12th, 2025.	Ps. 53,158	Ps. 69,717
Term loan extended by BBVA Bancomer, S.A. to Inmobiliaria en Hotelería Cancún Santa Fe, S. de R.L. de C.V. for financing of USD 18,300,000. The loan bears interest at the 90-day LIBOR rate, plus 3.10 percentage points, payable in 39 quarterly installments commencing as of June 28th, 2014 and due in 10 years. The last payment of USD 5,490,000 corresponds to 30% of the total debt.		

	2023	2022
On June 5th, and December 16th, 2020, the Group entered into two amending agreements to the original loan agreement to change the payment schedule, in order to allow the Group to defer payment of four quarterly installments corresponding to the period from June 30th, 2020 to March 31st, 2021 by adding them to the last payment of the loan, which amounts to USD 6,830,830 and is payable on March 27th, 2024.	Ps. 120,489	Ps. 163,530
Term loan extended by Banco Ve por Más, S.A. to Inmobiliaria Hotelera Cancún Urban, S. de R.L. de C.V. for financing of up to USD 3,852,101. The loan bears interest at the 90-day LIBOR rate, plus 3.10 percentage points, payable in 15 quarterly installments commencing as of August 19th, 2019 and due in 4 years.		
On April 22nd, 2020, the Group entered into an amending agreement to the original loan agreement to change the payment schedule, in order to allow the Group to defer payment of two quarterly installments corresponding to the period from May 19th, 2020 to August 19th, 2021 by adding them to the last payment of the loan, which amounts to USD 1,871,642 and is payable on April 19th, 2023.	Ps. 30,889	Ps. 49,363
Mortgage-backed term loan extended by Banco Mercantil del Norte, S.A. to Moteles y Restoranes María Bárbara, S.A. de C.V. for financing of Ps. 110,000. The loan bears interest at the 28-day TIIE rate, plus 3.0 percentage points, payable in 15 annual installments due on May 30th, 2031.	Ps. 74,143	Ps. 81,074
Mortgage-backed and collateralized term loan extended by SABCAPITAL, S.A. de C.V., SOFOM, E.R. to ICD Sitra, S.A. de C.V. for financing of USD 31,500,000, granting a 12-month grace period for the payment of principal. The loan bears interest at the 90-day LIBOR rate, plus 2.95 percentage points, payable in 45 quarterly installments due on November 15th, 2029.		
On June 5th, 2020, the Group entered into an amending agreement to the original loan agreement to change the payment schedule, in order to allow the Group to defer payment of four quarterly installments corresponding to the period from June 5th, 2020 to March 5th, 2021 by adding them to the last payment of the loan, which amounts to USD 8,590,909 and is payable on November 15th, 2029.	Ps. 408,244	Ps. 507,480
Mortgage-backed and collateralized term loan extended by SABCAPITAL, S.A. de C.V., SOFOM, E.R. to Sibra Vallarta, S.A. de C.V. for financing of USD 28,800,000. The loan bears interest at the 90-day LIBOR rate, plus 2.95 percentage points, payable in		

	2023	2022
46 quarterly installments due on December 5th, 2029. The last payment of USD 2,600,000 corresponds to 20% of the total debt payment.		
On June 5th, 2020, the Group entered into an amending agreement to the original loan agreement to change the payment schedule, in order to allow the Group to defer payment of four quarterly installments corresponding to the period from June 5th, 2020 to March 5th, 2021 by adding them to the last payment of the loan, which amounts to USD 7,808,000 and is payable on December 5th, 2029.	Ps. 375,267	Ps. 465,730
Term loan extended by BBVA Bancomer, S.A. to Inmobiliaria en Hotelería Cancún Santa Fe, S. de R.L. de C.V. for financing of USD 8,000,000. The loan bears interest at the 90-day LIBOR rate, plus 3.10 percentage points, payable in 40 quarterly installments commencing on October 30th, 2018 and due in 10 years. The last payment of USD 2,540,000 corresponds to 30% of the total debt.		
On April 30th, and October 30th, 2020, the Group entered into an amending agreement to the original loan agreement to change the payment schedule, in order to allow the Group to defer payment of four quarterly installments corresponding to the period from April 30th, 2020 to February 2nd, 2021 by adding them to the last payment of the loan, which amounts to USD 3,100,000 and is payable on July 6th, 2028.	Ps. 94,942	Ps. 119,654
Mortgage-backed and collateralized term loan extended by SABCAPITAL, S.A. de C.V. to Grupo Inmobiliario 1991, S.A. de C.V. for financing of USD 13,000,000. This loan bears interest at the LIBOR rate, plus 2.95 percentage points, payable in 40 quarterly installments due on November 30th, 2028. The last payment of USD 2,600,000 corresponds to 20% of the total debt payment.		
On June 8th, 2022, the Group entered into an amending agreement to the original loan agreement to change the payment schedule, in order to allow the Group to defer payment of four quarterly installments corresponding to the period from June 6th, 2020 to March 6th, 2021 by adding them to the last payment of the loan, which amounts to USD 3,324,916 and is payable on November 30th, 2028.	Ps. 180,311	Ps. 222,767
Term loan extended by BBVA Bancomer, S.A. to Inmobiliaria en Hotelería Vallarta Santa Fe, S. de R.L. de C.V. for financing of up to USD 14,000,000. The loan bears interest at the 90-day LIBOR rate, plus 3.10 percentage points, payable in 40 quarterly		

	2023	2022
installments commencing as of November 9th, 2018 and due in 10 years. The last payment of USD 5,134,920 corresponds to 36% of the total debt.		
On April 30th, and October 30th, 2020, the Group entered into an amending agreement to the original loan agreement to change the payment schedule, in order to allow the Group to defer payment of four quarterly installments corresponding to the period from April 30th, 2020 to February 2nd, 2021 by adding them to the last payment of the loan, which amounts to USD 5,134,920 and is payable on October 31st, 2028.	Ps. 191,958	Ps. 239,772
Term loan extended by BBVA Bancomer, S.A. to Hotelera del Bajio S.F., S.A. de C.V. for financing of USD 6,512,649. The loan bears interest at the LIBOR rate, plus 3.10 percentage points, payable in 40 quarterly installments commencing as of September 3rd, 2019 and due on May 29th, 2029.		
On May 27th, and November 26th, 2020, the Group entered into an amending agreement to the original loan agreement to change the payment schedule, in order to allow the Group to defer payment of four quarterly installments corresponding to the period from June 1st, 2020 to March 1st, 2021 by adding them to the last payment of the loan, which amounts to USD 2,379,071 and is payable on May 31st, 2029.	Ps. 88,050	Ps. 109,992
On May 7th, 2021, Inmobiliaria Hotelera Insurgentes 724, S.A.P.I. de C.V. entered into a term loan agreement with Banco Mercantil del Norte, Institución de Banca Múltiple, Grupo Banorte S.A. and Banco Sabadell, Institución de Banca Múltiple, for financing of Ps. 255,558. The loan bears annual interest at the TIIE rate, plus 3 percentage points, payable in 28 quarterly installments due on May 7th, 2028.	Ps. 185,586	Ps. 255,558
On October 26th, 2021, the Group signed a "drawdown request" for a term loan in the amount of Ps. 127,910 that was extended by Banco Mercantil del Norte, Institución de Banca Múltiple, Grupo Banorte, S.A. and Banco Sabadell, Institución de Banca Múltiple on May 7th, 2023 to Inmobiliaria Hotelera Insurgentes 724, S.A.P.I. de C.V. This request is for a drawdown against the loan referred to in the preceding paragraph.	Ps. 127,171	Ps. 127,910
On March 3rd, 2022, the Group signed a third "drawdown request" for a term loan in the amount of Ps. 106'532 that was extended by Banco Mercantil del Norte, Institución de Banca Múltiple, Grupo Banorte, S.A. and Banco Sabadell, Institución de Banca Múltiple on May 7th, 2021 to Inmobiliaria Hotelera Insurgentes 724, S.A.P.I. de C.V. This request is for a drawdown against the loan referred to above.	Ps. 105,915	Ps. 106,532

	2023	2022
On August 22nd, 2022, the Group signed a fourth "drawdown request" for a term loan in the amount of Ps. 100'069 that was extended by Banco Mercantil del Norte, Institución de Banca Múltiple, Grupo Banorte, S.A. and Banco Sabadell, Institución de Banca Múltiple on May 7th, 2021 to Inmobiliaria Hotelera Insurgentes 724, S.A.P.I. de C.V. This request is for a drawdown against the loan referred to above.	Ps. 100,069	Ps. 100,069
On November 15th, 2022, the Group signed a fifth "drawdown request" for a term loan in the amount of Ps. 94,149. that was extended by Banco Mercantil del Norte, Institución de Banca Múltiple, Grupo Banorte, S.A. and Banco Sabadell, Institución de Banca Múltiple on May 7th, 2021 to Inmobiliaria Hotelera Insurgentes 724, S.A.P.I. de C.V. This request is for a drawdown against the loan referred to iabove.	Ps. 19,576	Ps. 94,149
On December 14th, 2022, MHKL Hotel Venture México, S.A. de C.V. entered into a term loan agreement with BBVA México for financing of USD 33,000,000. The loan bears interest at the 90-day SOFR rate, plus 3.00 percentage points, payable in 28 quarterly installments due on November 30th, 2029.	Ps. 535,584	Ps. 638,930
Accrued interest payable	Ps. 38,235	28,481
Less debt issuance costs	(28,401)	(35,160)
	Ps. 2,830,017	3,735,922
Less current portion	(356,188)	(405,295)
Long-term debt, excluding current portion	**Ps. 2,473,829**	**Ps. 3,330,627**

A reconciliation of changes in the Group's bank loans to its cash flows from financing activities is as follows:

2023	BEGINNING BALANCE	BANK LOANS RECEIVED IN 2023	PAYMENTS OF PRINCIPAL	INTEREST PAID	TOTAL CASH-SETTLED TRANSACTIONS	OTHER FINANCE EXPENSES	UNREALIZED FOREIGN EXCHANGE LOSS	ACCRUED INTEREST	ENDING BALANCE
Long-term debt	Ps. 3,735,921	Ps. -	Ps. (561,752)	Ps. (300,169)	Ps. 2,874,000	Ps. 9,567	Ps. (363,473)	Ps. 309,923	Ps. 2,830,017

2022	BEGINNING BALANCE	BANK LOANS RECEIVED IN 2023	PAYMENTS OF PRINCIPAL	INTEREST PAID	TOTAL CASH-SETTLED TRANSACTIONS	OTHER FINANCE EXPENSES	UNREALIZED FOREIGN EXCHANGE LOSS	ACCRUED INTEREST	ENDING BALANCE
Long-term debt	Ps. 3,221,323	Ps. 954,782	Ps. (281,790)	Ps. (173,885)	Ps. 3,720,430	Ps. 9,849	Ps. (183,331)	Ps. 188,973	Ps. 3,735,922

Interest expense on bank loans for the years ended December 31st, 2023 and 2022 is Ps. 277,239 and Ps. 131,726, respectively. Additionally, $32,684 and $57,247 respectively were recorded in fixed assets.

As at May 16th, 2023, the Group repaid the full balance of the loan in the amount of USD 10,843,290 that it obtained from BBVA Bancomer, S.A., of which Servicios e Inmuebles Turísticos, S. de R.L. de C.V. and Chartwell Inmobiliaria de Monterrey, S. de R.L. de C.V. acted as co-signers. As at December 31st, 2022, the distribution between the issuing entities of the term loan of up to USD 29,000,000 granted by BBVA Bancomer, S.A. is as follows:

	2022 BALANCE IN U.S. DOLLARS
Inmobiliaria en Hotelería Guadalajara Santa Fe, S. de R.L. de C.V.	Ps. 9,828,630
Inmobiliaria en Hotelería Monterrey Santa Fe, S. de R.L. de C.V.	1,014,660
	Ps. 10,843,290

The above bank loans establish affirmative and negative covenants, which include the following relevant matters:

- Submit audited annual financial statements within 210 days after the end of fiscal year.
- Submit internal financial statements within 60 calendar days after the end of each semester.
- Report within ten business days any event that could affect the Group's current financial situation or cause the Group to incur in any of the causes for early termination set forth in the agreement, as well as communicate the corrective actions and measures that will be taken.
- Comply with certain financial ratios.
- Refrain from transferring equity interests (whether due to merger, acquisition, spin-off, assignment) or properties, with certain exceptions.
- Refrain from acquiring interest-bearing liabilities, whose amounts could affect the Group's established payment obligations.
- Refrain from granting loans or guarantees to third parties that could affect the Group's established payment obligations.

As at December 31st, 2023 and 2022, the Group failed to meet some of its affirmative and negative financial covenants. However, in December 2023 and 2022, Group management obtained a waiver from the related banks. Accordingly, the loan was not payable on demand as at December 31st, 2023 and 2022.

The Group's exposure to liquidity and foreign currency risks related to its short- and long-term debt is disclosed in Note 21.

16. VACATION CLUB

As of March 2022, the Group began selling Vacation Club memberships in 3 of its hotels. Vacation Club entitles members to unlimited room reservations at a 25% discount rate, as well as discounts on hotel services, including food and beverages, over the term of the agreements, which range from 3 to 25 years. Cost of sales accounts for 59% of revenue, represented primarily by sales commissions. Sales and costs are recognized in profit or loss over the term of the agreement. Deferred costs are recognized in assets and deferred revenue is recognized in liabilities.

An analysis of sales recognized in the statement of comprehensive income is as follows:

	FOR THE YEAR ENDED DECEMBER 31ST, 2023		FOR THE YEAR ENDED DECEMBER 31ST, 2022	
	2023		2022	
Revenue	Ps.	46,806	Ps.	46,675
Costs and expenses		27,561		27,632
Profit	**Ps.**	**19,245**	**Ps.**	**19,043**

Revenue, costs and expenses are included as part of the "Other" caption under Department costs and expenses. An analysis of balances recognized in the statement of financial position is as follows:

	BALANCE AS AT DECEMBER 31ST,		BALANCE AS AT DECEMBER 31ST,	
	2023		2022	
Assets				
Deferred cost – Vacation Club – short term	Ps.	16,758	Ps.	16,500
Deferred cost – Vacation Club – long term		142,202		125,694
Liabilities				
Deferred revenue – Vacation Club – short term	Ps.	47,410	Ps.	40,786
Deferred revenue – Vacation Club – long term		196,311		190,694

17. ACCRUED LIABILITIES

An analysis of the Group's accrued liabilities is as follows:

	2023		2022	
Amounts owed to shareholders from capital redemptions	Ps.	29,647	Ps.	29,647
Unidentified deposits		5,189		7,073
Other		4,347		4,160
Total	**Ps.**	**39,183**	**Ps.**	**40,880**

18. EMPLOYEE BENEFITS

The cost of defined benefit plans and other amounts related to seniority premiums were determined based on independent actuarial calculations performed as at December 31st, 2023 and 2022.

An analysis of the present value of the defined benefit obligation as at December 31st, 2023 and 2022 is as follows:

	2023		2022	
Seniority premiums	**Ps.**	**22,726**	**Ps.**	**16,815**

a) Changes in present value of defined benefit obligation

	SENIORITY PREMIUMS			
	2023		2022	
Defined benefit obligation as at January 1st	Ps.	16,815	Ps.	15,956
Benefits paid		(162)		(499)
Current-year service cost		5,742		2,446
Past service cost		(3)		(90)
Finance cost		1,221		1,163
Actuarial losses		(887)		(2,159)
Defined benefit obligation as at December 31st,	**$**	**22,726**	**$**	**16,815**

b) Amounts recognized in profit or loss

	SENIORITY PREMIUMS		
		2023	2022
Current-year service cost	Ps.	5,742	2,446
Past service cost		3	(90)
Interest cost		1,221	1,163
Actuarial losses		(887)	(2,159)
	Ps.	**6,079**	**1,359**

The Group's net periodic benefit expense for the years ended December 31st, 2023 and 2022 was recognized as part of indirect administrative costs in the consolidated statement of comprehensive income.

c) Actuarial assumptions

The main actuarial assumptions used at the reporting date (expressed as weighted average) were as follows:

	2023	2022
Discount rate	9.30%	9.30%
Future salary increase rate	5.00%	5.00%

19. INCOME TAX

a) Income tax

a) **The Mexican Income Tax Law (MITL) establishes a corporate income tax rate of 30% for fiscal years 2023 and 2022.**

Income tax for the year is calculated by applying the statutory income tax rate to the Group's taxable profit for the year.

The MITL establishes requirements and limits regarding certain deductions, including restrictions on the deductibility of payroll-related expenses that are considered tax-exempt for employees, contributions to create or increase pension fund reserves, and Mexican Social Security Institute dues that are paid by the Group but that should be paid by the employees. The MITL also establishes that certain payments made to related parties shall not be deductible if they do not meet certain requirements.

b) Labor outsourcing reform in Mexico

In April 2022, the Mexican government amended the Federal Labor Law, the Federal Tax Code and other laws that regulate employment in order to prohibit the outsourcing of employees, except under specific circumstances. Derived from this tax reform, entities are not allowed to deduct outsourcing expenses or credit their input value added tax on outsourcing expenses. In a worst-case scenario, labor outsourcing may be considered as tax fraud. This reform became effective on September 1st, 2022.

c) An analysis of income tax recognized in profit or loss for the years ended December 31st, 2023 and 2022 is as follows:

		2023		2022
Current income tax	Ps.	167,678	Ps.	99,548
Deferred income tax		(43,769)		47,897
Total income tax	**Ps.**	**123,909**	**Ps.**	**147,445**

d) Reconciliation of the effective income tax rate

The tax (benefit)/expense attributable to the profit/(loss) before income tax was different from the taxable profit determined by applying the 30% income tax rate to the profit/(loss) before income tax, as a result of the following items:

	INCOME TAX					
		2023			2022	
Expected expense	Ps.	215,041	30%	Ps.	103,725	30%
Plus/(less):						
Taxable effects of inflation, net		(46,933)	(7)%		17,603	5%
Non-deductible expenses		10,649	2%		8,495	2%
Unrecognized deferred tax assets from tax losses		(54,848)	(8)%		17,622	6%
Income tax expense	**Ps.**	**123,909**	**17%**	**Ps.**	**147,445**	**43%**

e) Deferred income tax assets and liabilities

An analysis of deferred income tax assets and liabilities is as follows:

	INCOME TAX 2023	2022
Deferred tax assets:		
Available tax loss carryforwards	Ps. 43,020	Ps. 68,681
Provisions	32,895	27,459
Trade advances	27,523	21,709
Deductible employee profit sharing	3,568	3,105
Allowance for doubtful accounts	539	1,642
Employee benefits	3,145	1,093
Other assets	18,815	14,728
Total deferred tax assets	**129,505**	**138,417**
Deferred tax liabilities:		
Property, furniture and equipment	(671,677)	(735,180)
Prepaid expenses	(26,218)	(15,396)
Total deferred tax liabilities	**(697,895)**	**(750,576)**
Deferred tax liability, net	**(568,390)**	**(612,159)**
Deferred tax assets recognized in the consolidated statement of financial position	281,980	207,148
Deferred tax liabilities recognized in the consolidated statement of financial position	(850,370)	(819,307)
	Ps. (568,390)	**Ps. (612,159)**

Deferred income tax assets and liabilities are presented in the consolidated statement of financial position based on the grouping of each consolidated legal entity given that the tax effects cannot be netted or offset between the different entities, since there is no legal mechanism that allows it.

As at December 31st, 2023, deferred tax liability balances in the amount of Ps. 40,382 of the subsidiary SIT were reclassified to "Liabilities held for sale" (see Note 6).

f) Changes in temporary differences

	JANUARY 1ST 2023	RECOGNIZED IN PROFIT OR LOSS	DECEMBER 31ST 2023
Property, furniture and equipment	Ps. (735,180)	Ps. 63,503	Ps. (671,677)
Available tax loss carryforwards	68,681	(25,661)	43,020
Liability provisions	27,459	5,436	32,895
Trade advances	21,709	5,814	27,523
Allowance for doubtful accounts	1,642	(1,103)	539
Employee benefits	1,093	2,052	3,145
Deductible employee profit sharing	3,105	463	3,568
Prepaid expenses	(15,396)	(10,822)	(26,218)
Other assets	14,728	(4,087)	18,815
	Ps. (612,159)	**Ps. 43,769**	**Ps. (568,390)**

	JANUARY 1ST 2022	RECOGNIZED IN PROFIT OR LOSS	RECLASSIFIED TO HELD FOR SALE LIABILITIES	31 DE DECEMBER 31ST 2022
Property, furniture and equipment	Ps. (711,607)	Ps. (70,200)	46,627	Ps. (735,180)
Available tax loss carryforwards	109,822	(41,141)	-	68,681
Liability provisions	35,339	(4,048)	(3,832)	27,459
Trade advances	3,412	20,406	(2,109)	21,709
Allowance for doubtful accounts	1,009	633	-	1,642
Employee benefits	(274)	1,367	-	1,093
Deductible employee profit sharing	2,474	631	-	3,105
Prepaid expenses	(11,781)	(3,829)	214	(15,396)
Other assets	(33,038)	48,284	(518)	14,728
	Ps. (604,644)	**Ps. (47,897)**	**Ps. 40,382**	**Ps. (612,159)**

To assess the future recovery of deferred tax assets, Group management considers the probability of either a portion or the entire deferred tax asset not being realized in future years. The eventual realization of the Group's deferred tax assets will depend on whether the Group has taxable profit in the periods in which the temporary differences become deductible. Management's evaluation is based on the expected turnaround time of the Group's deferred liabilities, its projected future taxable profit, and its general tax planning strategies.

20. EQUITY AND RESERVES

An analysis of the Group's equity as at December 31st, 2023 and 2022 is as follows:

a) Initial public offering

At an ordinary and extraordinary shareholders' meeting held on September 3rd, 2014, the shareholders agreed to change the type of entity of the Group to a publicly traded variable capital corporation (Sociedad Anónima Bursátil de Capital Variable), as well as to make a mixed public offering of shares in Mexico of up to 75,000,000 shares of Ps. 750,000 (Ps. 681,809, net of placement expenses and taxes), which took place on September 11th, 2014.

After the initial public offering, the share capital was represented by 275,500,000 common registered Series "II" shares with no par value, 207,500,000 of which corresponded to the Group's founders and 68,000,000 to the investing public.

b) Subsequent public offering

At an extraordinary shareholders' meeting held on June 15th, 2016, the shareholders agreed to make a public offering of shares in Mexico and Chile of up to 215,625,000 shares, 215,584,530 of which were offered for Ps. 1,832,469 (Ps. 1,787,961, net of placement expenses and taxes). Such public offering took place on June 17th, 2016.

After the subsequent public offering, the share capital consisted of 491,084,530 common, registered shares with no par value, 264,612,635 of which correspond to the Group's founders and 226,471,895 to the investing public.

c) Share capital increase and reduction

At an ordinary shareholders' meeting held on June 14th, 2022, the shareholders agreed to increase the variable portion of the Group's share capital by 100,000,000 common registered Class II shares with no par value, issued at a subscription price of $ 4 per share, for a total amount of Ps. 400,000.

As a result of the capital increase, share capital is represented by 716,084,530 common registered shares with no par value. Fixed share capital is 0.0040 % and variable share capital is 99.9960%, of which all shares are listed for trading among the general investing public through the Mexican Stock Exchange.

On April 27th, 2023, the Group agreed to decrease the variable portion of its share capital, without cancelling shares, in an amount of Mexican pesos equal to USD $40,000,000, through a cash reimbursement to its shareholders which was made effective on May 30th, 2023 for a sum of Ps. $713, 008.

d) Repurchase of shares

At ordinary and extraordinary shareholders' meetings held on September 3rd, 2014, the shareholders agreed to repurchase the Group's own shares up to an amount equal to the total balance of the Group's net profit, including retained earnings. The National Banking and Securities Commission allows companies to acquire their own shares on the market, provided that they are paid from their own retained earnings account.

The total net repurchased shares as at December 31st, 2023 were 3,303,743 shares, equal to 0.46% of the Group's total share capital.

Of the repurchased shares, 3,303,73 shares correspond to the fund for the share-based payment plan for the Group's executives implemented in 2016. The market value of the shares as at December 31st, 2023 and 2022 is $ 3.90 pesos and $ 4.80 pesos, respectively, per share. The repurchased shares available for sale have been recognized as a decrease in share capital.

e) Share-based payments

The Group has a trust for the purpose of purchasing its own shares for share-based payments offered to certain Group executives. The plan is for a three-year period and became effective on April 1st, 2016, and 33%, 33% and 34% of the shares will vest on the first, second and third anniversary, respectively. To participate in the share-based payment plan, the executive must have at least one year of seniority within the Group, be recommended by the executive committee and be working for the Group on the date of each anniversary. The plan allows for additions within its effective term, provided that such additions are subject to the same conditions. The Group's Board of Directors authorizes and grants the shares in the plan at least once a year to certain executives who are eligible under Group policies. The fair value for each share allocated in the plan is equal to the average market price of the share at the grant date.

The trust shares for the share-based payment plan as at December 31st, 2023 have a market value of $ 3.90 pesos each.

f) Share premium

The share premium represents the difference between the payment of the registered shares and their par value resulting from the share capital increase executed on February 26th, 2010.

g) Legal reserve

In accordance with the Mexican Corporations Act, the Group is required to appropriate at least 5% of the net profit of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Group's share capital. As at December 31st, 2023 and 2022, the legal reserve is Ps. 190,493, and has not reached the required minimum.

Capital contributions (restated for inflation) may be returned to the Group's shareholders tax-free for up to the value of the Group's equity.

Dividends paid from earnings on which the Group has not yet paid income tax and other components of equity will be subject to income tax withholdings at the corporate income tax rate of 30%.

Non-controlling interests

A summary of the most significant changes to the Group's non-controlling interests is as follows:

	2023	
NON-CONTROLLING INTEREST:	CAPITAL (REDEMPTIONS)/CONTRIBUTIONS	PROFIT/(LOSS)
Mahekal Beach Resort, S.A. de C.V.	Ps. (18,000)	Ps. 33,858
Inmobiliaria Hotelera del Bajio SF SA de CV	3,334	(7,231)
ICD SITRA SA de CV	(500)	13,328
SIBRA Vallarta SA de CV	(500)	43,093
Inmobiliaria Hotelera Insurgentes 724, SAPI de CV	88,500	(44,388)
Grupo Inmobiliario 1991 , SA de CV	-	21,846
Servicios Bajio, SA de CV	-	(2)
Total	**Ps. 72,834**	**Ps. 60,504**

On July 14th, 2023, by means of resolutions adopted at a shareholders' meeting, the shareholders of ICD SITRA, S.A. de C.V. declared and paid a total cash dividend of Ps. 1,000, of which Ps. 500 correspond to shares not controlled by the Group.

h) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year. An analysis of the weighted average number of ordinary shares as at December 31st, 2023 and 2022 is as follows:

NUMBER OF SHARES

	2023	2022
January 1st	710,570,722	608,043,714
Repurchase of shares	2,210,065	2,527,008
Shares issued	-	100,000,000
Ending balance of shares	712,780,787	710,570,722
Weighted average	712,377,373	626,688,836
Earnings per share	0.73	0.26

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Credit or counterparty risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's accounts receivable and investments in financial instruments. To mitigate this risk, the Group estimates its exposure to credit risk from its financial instruments.

b) Exposure to credit risk

The carrying amount of the associated financial assets represents the Group's maximum exposure. An analysis of the Group's maximum exposure to credit risk at the reporting date is as follows:

CARRYING AMOUNT

	2023	2022
Accounts receivable	Ps. 198,508	Ps. 188,746
Related parties	28,512	15,462
Other accounts receivable	1,739	27,821
Recoverable taxes	530,277	530,169
	Ps. 759,036	**Ps. 762,198**

As at December 31st, 2023 and 2022, the Group's maximum exposure to credit risk related to trade receivables at the reporting date, by geographic region, is as follows:

	CARRYING AMOUNT	
	2023	2022
Domestic	$ 141,795	$ 77,433
Other regions	56,713	111,313
	$ 198,508	**$ 188,746**

As at December 31st, 2023 and 2022, the Group's maximum exposure to credit risk related to trade receivables at the reporting date, by type of counterparty, is as follows:

	CARRYING AMOUNT	
	2023	2022
End-user customers	$ 129,071	$ 65,770
Wholesale	69,436	122,976
	$ 198,508	**$ 188,746**

Impairment losses

An analysis of aging of trade receivables as at December 31st, 2023 and 2022 is as follows:

	GROSS	IMPAIRMENT	GROSS	IMPAIRMENT
	2023	**2023**	2022	2022
Current (not past due)	$ 144,370	$ -	$ 161,095	$ -
1 to 30 days	49,852	-	15,429	-
31 to 120 days	6,114	1,828	7,187	-
More than 120 days	106	106	8,012	(2,977)
	$ 200,442	**$ 1,934**	**$ 191,723**	**$ (2,977)**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2023	2022
Beginning balance	Ps. 2,977	Ps. 5,296
Increases during the year	-	475
Decrease	(1,043)	(1,032)
Effect of available-for-sale assets	-	(1,762)
Ending balance	**Ps. 1,934**	**Ps. 2,977**

Derivative financial instruments

The fair value of derivative financial instruments represents the maximum credit exposure. An analysis is as follows:

	FAIR VALUE	
	2023	2022
Amounts in thousands of Mexican pesos		
Interest rate options (3M LIBOR)	Ps. 13,700	Ps. 3,508
BBVA Bancomer	**Ps. 13,700**	**Ps. 3,508**

c) Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient funds available to meet its obligations related to financial liabilities. The Group aims, to the extent possible, to monitor these obligations, both under normal and adverse conditions, in order to avoid incurring in unacceptable losses or jeopardize the Group's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date, including short- and long-term debt, suppliers and related party payables. The cash flows shown below are not expected to occur significantly before or differ significantly. An analysis is as follows:

2023	CARRYING AMOUNT		CONTRACTUAL CASH FLOWS		1 YEAR		2 YEARS		3 YEARS		MORE THAN 3 YEARS
Non-derivative financial liabilities:											
Short- and long-term debt	$	2,830,017	$	3,964,274	$	631,499	$	542,827	$	468,069	$ 2,321,880
Suppliers		234,175		234,175		234,175		-		-	-
Related parties		557		557		557		-		-	-
	$	**3,064,749**	**$**	**4,199,007**	**$**	**866,231**	**$**	**542,827**	**$**	**468,069**	**$ 2,321,880**

2022	CARRYING AMOUNT		CONTRACTUAL CASH FLOWS		1 YEAR		2 YEARS		3 YEARS		MORE THAN 3 YEARS
Non-derivative financial liabilities:											
Short- and long-term debt	$	3,735,922	$	5,225,008	$	405,295	$	696,573	$	603,386	$ 3,519,754
Suppliers		200,804		200,804		200,804		-		-	-
Related parties		530		530		530		-		-	-
	$	**3,937,256**		**5,426,342**	**$**	**606,629**	**$**	**696,573**	**$**	**603,386**	**$ 3,519,754**

Market risk

Market risk is the risk that changes in market prices – e.g., foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. To mitigate its market risks, the Group contracts derivative financial instruments. Since such derivatives do not qualify for hedge accounting, they are classified as held-for-trading.

Exposure to currency risk

An analysis of the Group's exposure to currency risk is as follows:

AMOUNTS IN THOUSANDS OF U.S. DOLLARS

	2023		2022	
Trade receivables	$	12,083	$	13,360
Secured bank loans		(130,685)		(153,775)
Suppliers		(4,511)		(4,247)
Net exposure	**$**	**(123,113)**	**$**	**(144,662)**

The exchange rate used to translate the above-mentioned amounts to Mexican pesos as at December 31st, 2023 and 2022 was $. 16.8935 pesos and $. 19.3615 pesos per U.S. dollar, respectively. The exchange rate as at March 8th, 2024 was $ 16.8728. pesos per U.S. dollar.

Foreign currency risk in derivatives

The Group is exposed to foreign currency risk in its derivative financial instruments, which are denominated in U.S. dollars while the Group's functional currency is the Mexican peso. The Group's derivative financial instruments acquired from credit institutions are used solely for hedging purposes and not for trading purposes.

The Group does not have financial instruments to hedge against exchange rate fluctuations.

Exposure to foreign currency risk

An analysis of the Group's exposure to foreign currency risk arising from its derivative financial instruments denominated in U.S. dollars is as follows:

AMOUNTS IN THOUSANDS OF U.S. DOLLARS	2023		2022	
Interest rate options (3M LIBOR) : **BBVA Bancomer**	**$**	**811**	$	181

The exchange rate used to translate the above amounts to Mexican pesos as at December 31st, 2023 and 2022 was $ 16.8935 pesos and $ 19.3615, pesos, respectively, per U.S. dollar.

Sensitivity analysis

A reasonably possible strengthening of the Mexican peso against the U.S. dollar as at December 31st, 2023 and 2022 would have affected net profit or loss by the amounts shown below.

This analysis is based on variances in the U.S. dollar-Mexican peso exchange rate that the Group considers to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

2023	PROFIT OR LOSS	
USD (0.09% strengthening)	**$**	**1,057**

2022		
USD (0.08% strengthening)	$	1,019

Assuming all other variables remain constant, the effect of a weakening of the Mexican peso against the U.S. dollar as at December 31st, 2023 and 2022 would have given rise to an increase in the above amounts.

As at December 31st, 2023, the Group has no foreign currency hedging instruments.

Interest rate risk

Interest rate fluctuations affect the fair value (fixed-rate instruments) or future cash flows (variable-rate instruments) of debt instruments. Group management does not have a formal policy in place to determine how much of its exposure should be at fixed or variable rates. However, when obtaining new loans, Management applies judgment to determine whether a fixed or a variable rate would be more favorable for the Group over the loan term.

Profile

An analysis of the interest rate profile of the Group's financial instruments at the date of authorization of these consolidated financial statements is as follows:

	CARRYING AMOUNT			
	2023		2022	
Variable-rate instruments				
Financial liabilities in U.S. dollars	$	2,209,377	$	3,011,782
Financial liabilities in Mexican pesos		620,640		724,140
	Ps.	**2,830,017**	**Ps.**	**3,735,922**

Interest rate risk of derivative financial instruments

The Group is exposed to interest rate risk in derivative financial instruments due to potential interest rate fluctuations in the short and long term.

Exposure to interest rate risk

An analysis of the Group's exposure to interest rate risk arising from its derivative financial instruments is as follows:

	CARRYING AMOUNT			
	2023		2022	
Interest rate options (3M LIBOR) BBVA Bancomer	Ps.	13,700	Ps.	3,508
	Ps.	**13,700**	**Ps.**	**3,508**

Fair value sensitivity analysis for fixed-rate instruments

A change of 100 basis points in interest rates would have increased or decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

PROFIT OR LOSS: 2023	100 BP INCREASE	100 BP DECREASE
Variable-rate debt	14,274 <	14,274 >

Book classification and fair value of derivative financial instruments

Fair value and amortized cost

An analysis of the fair value of financial assets and financial liabilities and amortized cost is as follows:

	CARRYING AMOUNT		FAIR VALUE	
Balance as at December 31st, 2023				
Interest rate options (3M LIBOR) BBVA Bancomer	Ps.	13,700	Ps.	13,700
Total derivative financial instruments	**Ps.**	**13,700**	**Ps.**	**13,700**

	CARRYING AMOUNT	FAIR VALUE
Balance as at December 31st, 2022		
Interest rate options (3M LIBOR) BBVA Bancomer	$ 3,508	$ 3,508
Total derivative financial instruments	**$ 3,508**	**$ 3,508**

Fair value hierarchy

The Group determines fair value using the following fair value hierarchy, which reflects the importance of the variables used when making the respective measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes financial instruments measured using quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other valuation techniques where all significant inputs for the asset or liability are observable, either directly or indirectly, based on market data.
- Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments for which the valuation technique considers factors that are not based on observable data and non-observable factors can have a significant effect on the measurement of the instrument. This category includes financial instruments that are measured based on quoted prices for similar financial instruments with significant unobservable adjustments or that require inputs to reflect the differences between the instruments.

An analysis of the fair values of financial instruments as at December 31st, 2023 and 2022 based on the fair value hierarchy is as follows:

DECEMBER 31ST, 2023	LEVEL 1	LEVEL 2	LEVEL 3
Interest rate options (3M LIBOR)	$ -	$ 13,700	$ 13,700
Total derivative financial instruments	**$ -**	**$ 13,700**	**$ 13,700**

DECEMBER 31ST, 2023	LEVEL 1	LEVEL 2	LEVEL 3
Bank loans in U.S. dollars	$ -	$ 2,350,335	$ -
Bank loans in Mexican pesos	-	719,876	-
Total bank loans	**$ -**	**$ 3,070,211**	**$ -**

DECEMBER 31ST, 2022	LEVEL 1	LEVEL 2	LEVEL 3
Interest rate options (3M LIBOR)	$ -	$ 3,508	$ -
Total derivative financial instruments	**$ -**	**$ 3,508**	**$ -**

	LEVEL 1	LEVEL 2	LEVEL 3
Bank loans in U.S. dollars	$ -	$ 2,983,616	$ -
Bank loans in Mexican pesos	-	752,306	-
Total bank loans	**$ -**	**$ 3,735,922**	**$ -**

22. PERSONNEL EXPENSES

An analysis of personnel expenses for the years ended December 31st, 2023 and 2022 is as follows:

	2023	2022
Salaries and wages	$ 662,814	$ 537,458
Year-end bonus	28,258	24,973
Compensations	13,469	16,607
Bonuses	5,649	21,400
	$ 710,190	**$ 600,438**

23. OPERATING LEASES

a) Leases as lessee

The Group leases the property where its offices are located under an operating lease agreement. These leases are generally for an initial period of five years, with an option to renew the lease for additional three-year periods. The lease agreement expires in November 2027. Rent payable under these leases usually increases annually to reflect market prices.

An analysis of future rental payments under operating leases is as follows:

	2023	2022
Less than one year	$ 6,427	$ 8,000
One to three years	12,854	16,000
	$ 19,381	**$ 24,000**

For the years ended December 31st, 2023 and 2022, the Group recognized expenses of Ps. 7,697 and Ps. 7,855, respectively, relating to lease agreements in profit or loss.

b) Leases as lessor

The Group leases out a portion of its property under operating lease agreements. An analysis of minimum future lease payments under non-cancellable operating leases is as follows:

	2023	2022
Less than one year	$ 16,127	$ 8,732
One to five years	66,927	12,367
	$ 83,054	**$ 21,099**

For the years ended December 31st, 2023 and 2022, the Group recognized rental income under operating leases of Ps. 18,726 and Ps. 12,827, respectively, in profit or loss.

24. CONTINGENCIES

Litigations

Some of the Group's subsidiaries are party to various labor lawsuits and claims arising in the normal course of operations. Group management does not believe that the outcome of these lawsuits will have a material effect on its financial position or future operating results.

Tax environment

In accordance with current Mexican tax laws, the Company's income tax returns are open to review by the tax authorities for a period of five years from the date they are filed.

In accordance with the MITL, companies that carry out transactions with related parties are subject to tax restrictions and obligations with respect to the determination of the prices charged, since such prices should be similar to the prices that would have been used with or between independent parties in comparable transactions.

Should the tax authorities review and reject the Group's intercompany pricing, they may demand payment of the omitted taxes, plus restatements and surcharges, as well as fines for amounts of up to 100% of the restated omitted taxes.

25. COMMITMENTS

a) On April, 15th, 2021, Hotelera SF, S. de R.L. de C.V. entered into an amending agreement to the original hotel management and operation agreement executed on November 7th, 2018 with Sunset Tulum, S.A. de C.V. to operate in Tulum, Quintana Roo, a hotel with 301 rooms under the "Secrets Tulum" brand name. The hotel started up operations on October 19th, 2023.

b) On October 12th, 2020, Hotelera SF, S. de R.L. de C.V. entered into a hotel management and operation agreement with SBE Hotel Management LLC, for the operation of a hotel with 45 rooms, which will be sold under the "SLS Hotel and Residences" brand name. The hotel started up operations on February 9th, 2022.

c) On February 23rd, 2020, Hotelera SF, S. de R.L. de C.V. (the Operator) entered into hotel management and operation agreements with Hotelera Chicome, S.A. de C.V., Hotelera Caracol, S.A. de C.V. and Promotora Turística Mexicana, S.A. de C.V. (the Owners), whereby the Owners entrust the Operator with, and the Operator agrees and undertakes to carry out, the management and operation of the hotels, which will be sold under the "Krystal" brand name. These agreements are for a ten-year term beginning on February 23rd, 2020.

d) As indicated in Note 13, as at December 31st, 2023 the Group has certain commitments related to construction and improvements in some of its hotels.

e) On March 13th, 2017, Hotelera SF, S. de R.L. de C.V. entered into a hotel management and operation agreement with Servicios Integrales PIN, S.A.P.I. de C.V., to operate a hotel in the city of Irapuato, Guanajuato, under the "Ibis" brand name.

f) On March 17th, 2016, Hotelera SF, S. de R.L. de C.V. entered into a hotel management and operation agreement with Operadora Inca, S.A. de C.V., to operate a hotel in the city of Monterrey, Nuevo Leon, under the "Krystal" brand name.

g) On December 22nd, 2015, Hotelera SF, S. de R.L. de C.V. entered into a hotel management and operation agreement with Servicios Hoteleros Metropolitanos, S.A. de C.V., for the management and operation of the hotel, which will be sold under the "Krystal Urban Aeropuerto Ciudad de México" brand name.

h) On January 15th, 2014, Hotelera SF, S. de R.L. de C.V. entered into a hotel management and operation agreement with Consorcio Hotelero Aeropuerto Monterrey, S.A.P.I de C.V. to operate a hotel in the city of Monterrey, Nuevo Leon, under the "Hilton Garden" brand name.

i) On June 17th, 2013, Hotelera SF, S. de R.L. de C.V. entered into a hotel management and operation agreement with the owner of a property in the state of Tabasco, for the management and operation of the hotel, which will be sold under the "Hampton Inn & Suites" brand name.

26. OTHER INCOME AND EXPENSES

An analysis of the Group's other income and expenses caption for the years ended December 31st, 2023 and 2022 is as follows:

	FOR THE YEAR ENDED DECEMBER 31ST,	
	2023	2022
Revenue:		
Department profit	$ 45,001	$ -
Income from insurance recovery	8,000	-
Unidentified deposits	6,443	5,451
Cancellation of provisions	-	8,573
Dividends received	-	7,200
Sundry revenue	13,166	5,449
	$ 72,610	$ 26,673
Expenses:		
Disposal of fixed assets	$ 51,550	$ -
Department cost	49,552	-
Cancellation of contracts	11,604	9,477
Expenses for change in brand name	-	10,467
Restatement of taxes	-	1,325
Other expenses	32,403	1,737
	$ 145,109	$ 23,006

27. FOREIGN EXCHANGE GAIN/(LOSS), NET

An analysis of the Group's foreign exchange gain/(loss), net, for the years ended December 31st, 2023 and 2022 is as follows:

	FOR THE YEAR ENDED DECEMBER 31ST,	
	2023	2022
Foreign exchange gain	$ 600,406	$ 383,196
Foreign exchange loss	(320,815)	(276,393)
	$ 279,591	**$ 106,803**

28. RELEVANT FINANCIAL INFORMATION (UNAUDITED) – CALCULATION OF ADJUSTED EBITDA*

Adjusted EBITDA represents the result of recurring transactions before taxes, net financing cost, depreciation, amortization and non-recurring items in order to present the Group's consolidated net profit or loss. An analysis is as follows:

	2023	2022
Operating profit	$ 380,248	$ 354,589
Depreciation and amortization	307,314	281,203
Hotel acquisition and opening expenses	29,042	18,102
Major maintenance and other non-recurring expenses	71,553	95,257
Decrease in fixed assets from accidents	51,550	-
Adjusted EBITDA	**$ 839,707**	**$ 749,151**

This information is presented for further analysis purposes only and is not a required disclosure under IFRS for the appropriate presentation of the Group's financial position, operating results or cash flows.

*EBITDA: Earnings before interest, taxes, depreciation and amortization.

29. SUBSEQUENT EVENTS

On February 20th, 2024, the Group repaid early and in full a for up to USD 3,146,669loan it obtained from BBVA on behalf of its subsidiary, Grupo Hotelero SF de México, S. de R.L. de C.V. in the amount of USD 3,146,669.

From January 1st, 2024 to the date of issue of these financial statements, the Group has prepaid the syndicated loan it obtained from Banorte and Sabadell on behal of its subsidiary, Inmobiliaria en Hotelería Insurgentes 724, S. de R.L. de C.V., in the amount of Ps. 23,185.

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