Earnings Release
3Q20

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CONFERENCE CALL

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Results and Highlights for the Third Quarter 2020

- **Improvement in Total Sales in the third quarter of 91% compared to 2Q20**
  - **Mexico increased 65%, Europe increased 146% and South America 64%**
- **Increase in EBITDA in the third quarter of 125% compared to 2Q20**
  - **Mexico increased 138%, Europe increased 123% and South America 96%**
- **42% growth in delivery sales in 3Q20 compared to 3Q19, with a 29% share of consolidated sales in the quarter**
- **Expenses reduced by 1,571 million pesos in 3Q20 compared to 3Q19**
- **Cash position of 4.6 billion pesos at the end of the third quarter**
- **4,236 Total Units in the portfolio, a decrease of 87 corporate units compared to the third quarter of 2019**
- **90% of the total units open at the end of the quarter, complying with the established restrictions according to the location of each unit**
- **Same Store Sales (SSS)* decreased 30.7% in the third quarter year-on-year**
  - **Mexico SSS decreased 29.6%, Europe SSS decreased 29.8% and South America SSS decreased 36.5%**

** The SSS data excludes the units that were closed due to the contingency related to COVID-19.*

MESSAGE FROM THE EXECUTIVE PRESIDENT

Alberto Torrado, CEO of Alsea, commented: "The health and well-being of our clients and collaborators continues to be our main priority. For this reason, we have continued to implement our hygiene and sanitation protocols, social distancing, the use of masks, and secure seals on the packaging of home delivery orders, among other initiatives, to combat the pandemic. In addition, we are closely following the authorities' guidelines in all the geographies where we operate, with Argentina and Chile being two of the countries where these measures have been the strictest globally.

We are pleased to report that our third quarter results show the beginning of recovery. After the losses reported in the 2Q, due to the comprehensive lockdowns, adjusted EBITDA (*EBITDA at the store level*) in all our regions was positive in the third quarter, reaching 1,237 million pesos at a consolidated level. As lockdowns eased in 3Q20, we have been able to reopen most of the units – at the end of the quarter, 90% of our units were open, most of the remaining 10% are units located in corporate buildings and universities, as well as some stores of the same brand that are relatively close to each other. Despite the current circumstances, we were able to further boost sales through home delivery and digitalization, among other measures. We have also increased our productivity and finalized agreements to reduce operating expenses, while maintaining the quality of our service and products, as well as protecting the health of our clients and collaborators at all times, as well as the relationship with our business partners and suppliers.

Versus the second quarter 2020, total sales grew by 90.0%; Europe was up by 146.4%, Mexico by 65.1% and South America by 63.7%. At the brand level, Domino's Pizza, Starbucks and Burger King lead the way to recovery, driven mainly by delivery, with 3Q20 sales at Domino's Pizza in Mexico and Colombia above 3Q19's level. On a year on year basis, total consolidated sales were down by 31.4%, and in Mexico by 31.6%, Europe by 22.5% and South America by 50.2%, better than the sharper year on year declines reported in 2Q20.

We are conscious of the transformation in consumer habits that our customers have experienced in recent years, where the use of technology has become crucial, and we continue to implement measures to digitalize processes, as well as diversify and expand our delivery channels. In June Dario Okrent joined as Director of the Digital Area, thus consolidating the structure of our digital innovation strategy, which underlines our commitment to make Alsea a leader in the customer-focused digital transformation of our sector. In this way, we will continue to accelerate actions that were already part of our strategic plan even before the outbreak of COVID-19. Our loyalty program in Mexico, "WOW Rewards" has continued to grow, reaching 650 thousand active members at quarter end. Our Starbucks Rewards loyalty program now has more than 350 thousand users and transactions through the Domino's App increased 56.8% compared to the same quarter of last year. As this shows, we are convinced that Alsea must advance in its digitalization process to bring its products and services closer to the customer and reward their loyalty in a way that only Alsea, with such diverse and high-value brands, can offer. We have also successfully completed the integration of systems between the companies acquired in Europe (Zena Group in 2014, Vips Group and Starbucks in France-Benelux in 2018), thus successfully completing the expected synergies in the operation of Alsea Europe.

During the third quarter, the focus on efficiency helped us reduce operating costs, which compared to a year ago were down 19.2%. We benefited from a reduction in SKUs, lower shrinkage, rent and royalty agreements, improved logistics and distribution, some government support in Europe and South America, and stable food and raw material costs. In South America, costs were brought further down by centralization of back office in Colombia, as well as the administrative consolidation of the Southern Cone in Chile.

We remain focused on being a responsible and sustainable company, as reflected by our inclusion in relevant ESG indices. We continue to support the fight against COVID-19 through our "Va por Nuestros Heroes" initiative, which provides aid to health personnel. In alliance with the IMSS Foundation we delivered more than 166,439 food rations up to September. Likewise, we have exceeded 300 tons of food donated through various Food Banks, including Alimentos para Todos I.A.P., thus benefiting more than 300,000 people at the end of this quarter. We continue to be committed to eradicating the hunger suffered by millions of people, which is why as of August we restarted operations in the 13 children's dining rooms in Mexico City, State of Mexico, Nuevo Leon, Coahuila, Oaxaca and San Luis Potosi, where we have modified the way in which food is delivered. More than 2,000 families, including approximately 5,000 children, are receiving daily prepared food for all members.

Additionally, in October and November we launched our annual "Va Por Mi Cuenta" campaign that promotes donations and purchase of products in all Alsea brands to raise money for the fight against hunger. To date, we have managed to raise 32% of the goal of this initiative, which amounts to 27 million pesos.

Our corporate governance remains a top priority and both our management team and the Board of Directors have been actively involved in all decisions made since late March in the wake of the pandemic, and we have been as close as possible to our investors through virtual meetings.

As a well-established, strong and profitable company, we are well positioned to take advantage of the opportunities in the sector future going forward. Many competitors in the sector have been struggling during the health crisis, and we plan to further strengthen our brands and thus gain market share going forward, given our competitive advantages in terms of scale, critical mass, attractive brand portfolio, diversification of geographies and home delivery. All of this should make Alsea a larger player in the industry in the future, ready to take advantage of new consumer trends that will emerge in the future.

Regarding our balance sheet, as we reported last quarter, we have been granted waivers until June next year on our key debt covenants. We have a strong relationship with all our main creditors, based on a long and successful track record, and are in continuous dialogue with them. Importantly, our new agreements allow us to continue to invest, and CapEx was 1,301 million pesos in the first nine months as we finished opening certain stores and upgraded systems and implemented new initiatives, especially on the digital front. Compared to the negative cash flow reported in the second quarter of the year, which amounted to more than 2.4 billion pesos, we closed the third quarter with a slightly negative cash flow of 120 million pesos. We continued to post a solid financial position, closing the quarter with a cash balance of 4.6 billion pesos and still have available credit lines that we do not expect to use.

While there remains uncertainty, we believe the third quarter was a turning point for Alsea. We posted positive EBITDA across our main regions as sales recovered strongly and our focus on operating efficiency bore fruit. We continued to focus on our clients by improving our operations and we are confident that, if this trend continues, the company's year-end will be positive. We will continue working to reaffirm the confidence and trust that our investors have placed in the company.

October, 2020

Mexico City, October 28, 2020. Alsea, S.A.B. de C.V. (BMV: ALSEA), the leading Quick Service Restaurant (QSR), Coffee Shop, Casual Dining and Family Restaurant operator in Latin America and Europe, released its results for the third quarter of 2020. This information is presented in nominal terms pursuant to International Financial Reporting Standards (IFRS). For the purpose of comparison against the previous year, the comments presented in this report do not include the effect of IFRS 16, nor the effect regarding restatement due to the hyperinflation in Argentina. These effects are detailed in the financial statements at the end of this report.*

FINANCIAL HIGHLIGHTS FOR THE THIRD QUARTER OF 2020

The following table shows a Condensed Financial Summary, the margin for each line item, as well as the percentage change for the quarter ended September 30, 2020 compared to the same period of 2019:

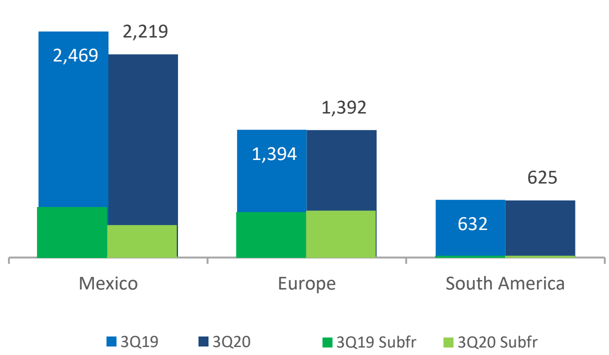
	3Q20	*3Q19*	*Var %*	*9M20*	*9M19*	*Var %*
Same-store sales	(30.7)%	6.3%	N.A.	(22.2)%	5.7%	N.A.
Sales	9,833	14,336	(31.4)%	$27,070	$42,449	(36.2)%
Gross Profit	7,058	10,110	(30.2)%	18,947	29,872	(36.6)%
EBITDA (1)	434	1,915	(77.3)%	(84)	5,292	(101.6)%
EBITDA Margin	*4.4%*	*13.4%*	*(900) bp*	*(0.3)%*	*12.5%*	*N.A.*
Operating income	(516)	966	(153.5)%	(3,134)	2,425	(229.3)%
Net income	(971)	267	(463.8)%	(3,940)	645	(710.9)%
Net income margin	*(9.9)%*	*1.9%*	*N.A.*	*(14.6)%*	*1.5%*	*N.A.*
ROIC	(3.9)%	8.3%	N.A.			
ROE	(30.4)%	7.8%	N.A.			
Net Debt/EBITDA	11.6x	3.3x	N.A.			
EPS (2)	(2.24)	0.92	N.A.			

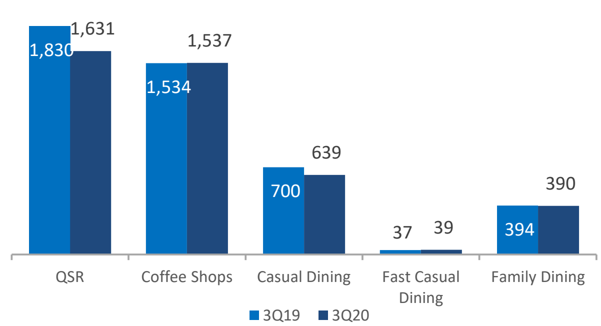
*** Figures in million pesos, except EPS**

(1) EBITDA is defined as operating income before depreciation and amortization.

(2) EPS is earnings per share for the last 12 months.

NUMBER OF UNITS *



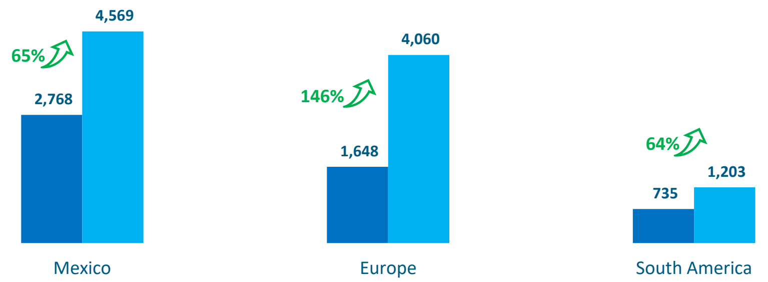


** Total Units (corporate + sub-franchises)*

IMPLICATIONS RELATED TO COVID-19

During the third quarter of the year, sales in all regions recovered compared to the second quarter of 2020, reporting growth of 65% in Mexico, 64% in South America and 146% in Europe, the latter as a result of the reopening of units on the continent as health restrictions were lifted.

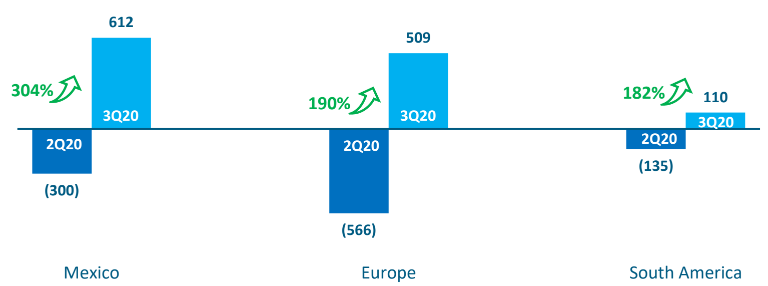
SALES BY GEOGRAPHIC LOCATION 3Q20 vs 2Q20



** Figures in million pesos MXP*

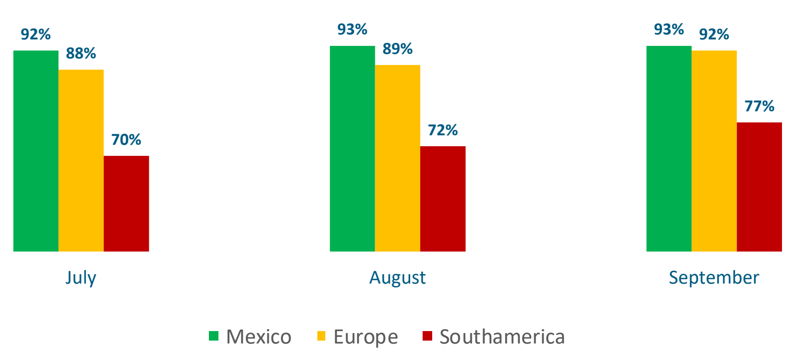
As a result of the recovery in sales and the savings generated, Adjusted EBITDA increased by 304% in Mexico, 90% in Europe and 182% in South America versus the previous quarter.

Adjusted EBITDA BY GEOGRAPHIC LOCATION 3Q20 vs 2Q20



** Figures in million pesos MXP*

CORPORATE UNITS IN OPERATION BY GEOGRAPHIC LOCATION DURING THE QUARTER



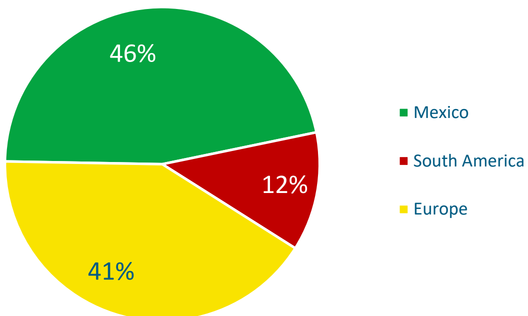
** Data as of the last day of each month*

In all our geographies, we have managed to reopen more units. At the end of the third quarter, approximately 90% of our units are operating, some under the home delivery and over the counter take-out schemes, as well as on-site service with a limited capacity, while the remaining 10% remain closed.

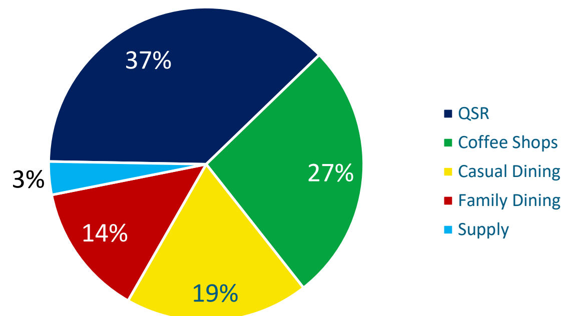
CONSOLIDATED RESULTS

SALES

SALES BY GEOGRAPHIC LOCATION *



SALES BY SEGMENT *



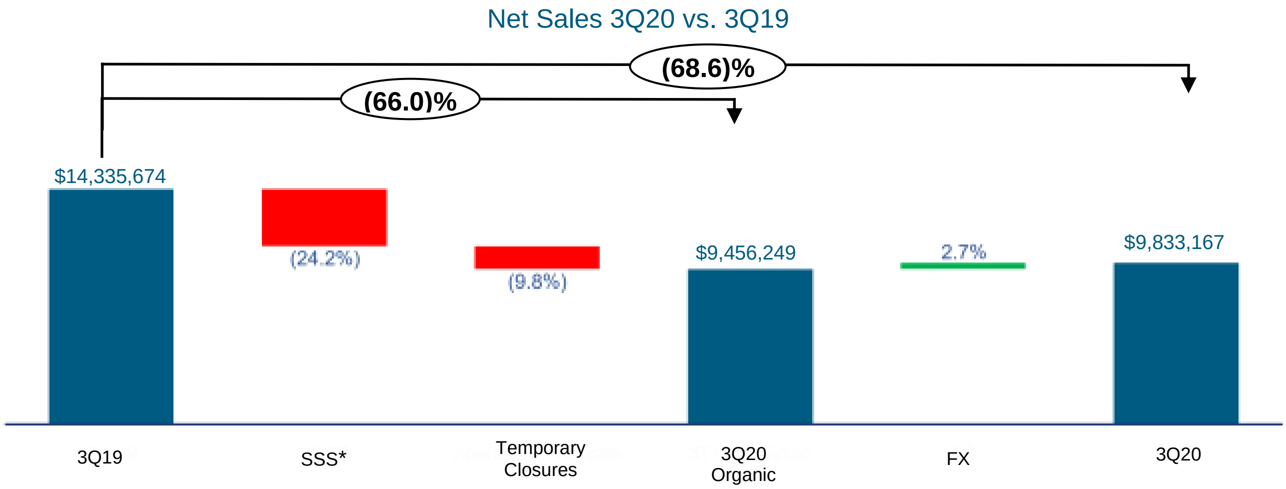
** Figures as of 3Q20*

Net sales for the third quarter of 2020 **increased 90.0%** when compared to the previous quarter, driven mainly by the easing of lockdown measures in the different geographies where Alsea operates.

At the same time, **net sales** in the third quarter of 2020 **decreased 31.4%** to **9,833 million pesos**, compared to 14,336 million pesos in the previous year. This decrease is mainly due to the impact of the contingency related to the COVID-19 pandemic, which affected both the number of units in operation, as well as consumption trends and changes in purchasing habits. As a result of the various initiatives that Alsea had been working on prior to the contingency, we were able to put the necessary processes, agreements and platforms in place to achieve the strongest possible sales through the new digital sales channels. Thus, we achieved a 12.0% growth in the home delivery segment in the third quarter compared to 2Q20, representing a 25% share of Alsea's consolidated sales.

In terms of same-store sales, excluding units that were closed, the portfolio in **Mexico decreased 29.6%**, our brands in **South America decreased 36.5%**, and the operations in **Europe decreased 29.8%**.

The Domino's Pizza format continues to achieve a positive results despite the current circumstances. Domino's Pizza in Mexico posted growth of 4.4% compared to the third quarter of the previous year, while sales for the same brand in Colombia increased by 35%. Starbucks is another brand that has managed to adapt to the current circumstances more easily than expected, reporting a sales level of 77% compared to sales registered in the same period in 2019. Casual dining brands, which are largely dependent on restaurant traffic, posted sales levels of 50 to 70 percent versus the previous year during the quarter.



** The percentage contribution of SSS is the effect on the total revenue base.*

EBITDA

Compared to the previous quarter, **EBITDA in the third quarter of 2020 increased 124.9%** to reach 434 million pesos. This increase is mainly due to the recovery of Alsea Europe, as well as government support and union agreements related to employee salaries and rental agreements.

The brands that generated 91% of the company's consolidated sales, reported positive adjusted EBITDA in September.

Compared to the same period in 2019, **EBITDA in the third quarter of 2020 decreased 77.3% to 434 million pesos**, compared to the 1,915 million pesos reported in 3Q19. The decrease in EBITDA of 1,481 million pesos was driven by:

- The decrease in EBITDA generation from the **Alsea Mexico, Europe and South America** operations, due to the implementation of quarantine measures in response to COVID-19.
- The **contraction of 9.5, 2.8 and 6.9 percentage points** in **Alsea Mexico, Europe and South America's** EBITDA margin respectively, when compared to the same period of the previous year.

From the end of the first quarter of the year, steps were taken to reduce non-essential operational and corporate expenses. In addition, during the third quarter a reduction of 19.2% or 1,571 million pesos in operating expenses was achieved, compared to the same period of the previous year, supported mainly by the agreements reached on rent and government and union agreements on wages and salaries.

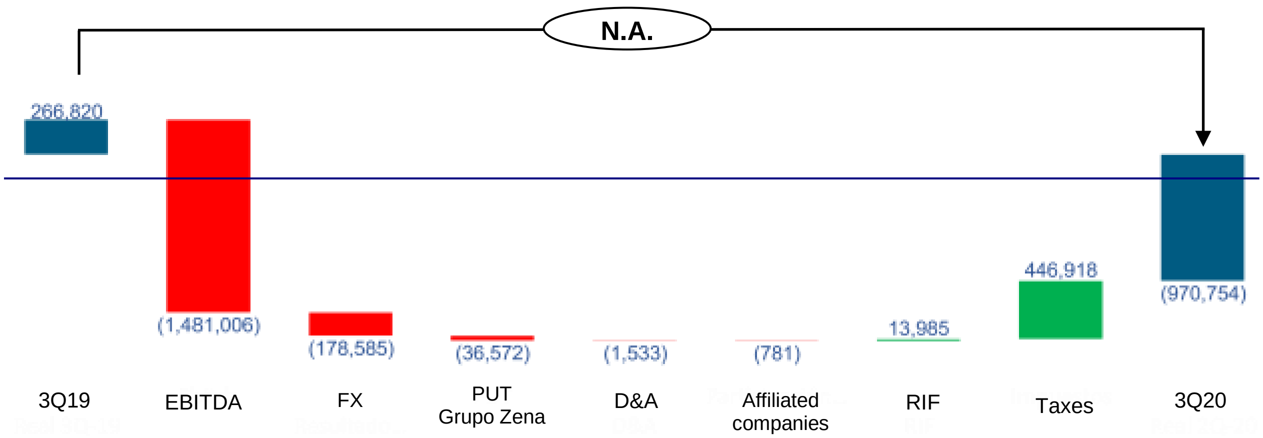
The EBITDA margin in 3Q20 contracted by 9 percentage points, from 13.4% in the third quarter of 2019 **to 4.4% in the same period of 2020**.

NET INCOME

Compared to 2Q20, **net income for the quarter** increased 62.4%, closing at **-970** million pesos for the third quarter 2020.

Compared to the same period in 2019, **net income for the third quarter** decreased by 1,237 million pesos, closing at **-970 million pesos**, compared to the 267 million pesos reported in 3Q19. This decrease is mainly due to a 12.0 percentage point reduction in operating income as a percentage of net sales, due to a **10.2 percentage point increase in operating expenses**, as a result of lower sales due to the COVID-19 pandemic. In addition, there was a 179 million pesos increase in **foreign exchange loss** compared to the same period last year, coupled with **a negative exchange rate effect** related to the purchase and sale options on the remaining 21.0% of Grupo Zena. This was partially offset by a deferred tax benefit and a lower **net interest expense**.

Net Income 3Q20 vs. 3Q19



RESULTS BY SEGMENT FOR THE THIRD QUARTER OF 2020

MEXICO

Alsea México	*3Q20*	*3Q19*	*Var.*	*% Var.*	*9M20*	*9M19*	*% Var.*
Number of units	2,219	2,469	(250)**	(10)%	2,219	2,469	(10)%
Same-store sales	(29.6)%	3.6%	(33.2) pp	-	(23.6)%	3.7%	-
Sales	4,569	6,680	(2,111)	(31.6)%	13,547	19,966	(32.1)%
Costs	1,435	2,047	(612)	(29.9)%	4,326	6,187	(30.1)%
Operating expenses	2,522	3,107	(584)	(18.8)%	7,548	9,245	(18.4)%
Adjusted EBITDA*	612	1,526	(914)	(59.9)%.	1,673	4,533	(63.1)%
*Adjusted EBITDA margin**	*13.4%*	*22.9%*	*(9.5) pp*	-	*12.4%*	*22.7%*	-
Depreciation and Amortization	514	564	(49)	(8.8)%	1,665	1,696	(1.8)%
G&A and other expenses	363	334	29	8.8%	903	1,197	(24.6)%
Operating income	(265)	629	(894)	N.A.	(895)	1,640	N.A.

* Adjusted EBITDA does not include administrative expenses; thus it represents the "Store EBITDA."
** The decrease in the number of units corresponds to the disincorporation of 234 sub-franchises of Burger King in Mexico in 4Q19.
*** Figures in million pesos

SALES MEXICO

Alsea Mexico sales were 46.5% of Alsea's total consolidated sales in the third quarter of 2020.

This segment posted an **increase in sales of 65.1%,** reaching 4,569 million pesos compared to the second quarter of 2020. This increase is related to the reopening of units and the lifting of opening and closing time restrictions in establishments in the country.

As previously mentioned, Dominos' Pizza has been the best performing brand in the current environment, with a 10.2% increase in same store sales in the quarter. Similarly, Starbucks doubled its sales compared to 2Q20, while casual food sales increased by approximately 200%.

Sequentially, each week over the quarter, sales presented a positive trend, reaching a sales level of 77.8% in September, compared to sales registered in the same month of the previous year. At the end of the third quarter, 93% of our restaurants were re-opened with limited seating restrictions, in line with government guidelines.

Alsea Mexico's sales decreased 31.6% from 6,680 million pesos in 3Q19 to 4,569 million pesos in 3Q20. This variation is attributable to the effect of the COVID-19 pandemic contingency. As a result of the above, sales have mainly focused on home delivery and take-out, allowing Alsea to use its competitive advantage of having established delivery strategies and agreements with the main aggregator platforms, providing continuity of sales through this channel, which reached a 30% share of 3Q20 sales, an increase of 42% compared to 3Q19.

In order to attract customers, we actively implemented digital strategies, such as promotions through digital coupons and joint promotions with aggregators. Similarly, we have taken advantage of the reach of our Wow Rewards platforms with more than 650,000 active users, the Domino's Pizza App with 56.8% increase in transactions through this platform and the Starbucks Rewards program with more than 350,000 members.

Adjusted EBITDA MEXICO

Alsea Mexico's Adjusted EBITDA increased by 304.1%, reaching a total of 612 million pesos in the third quarter compared to 2Q20. This increase is due to the reopening of units and the steps taken to reduce expenses and non-essential services for the operation, as well as the decrease in expenses in line with the reduction in expected demand, which resulted in significant savings in logistics and distribution.

As part of the cost control efforts, of the previously mentioned 1,571 million pesos achieved in savings at consolidated Alsea level during the quarter, 52% were achieved in Alsea Mexico, mainly thanks to agreements with unions, negotiations regarding discounts on rent and cuts in advertising and corporate expenses, among other items.

In the same way, **Alsea Mexico's Adjusted EBITDA** represented 61.6% of the decrease in consolidated Adjusted EBITDA in the third quarter. Adjusted EBITDA for the country decreased 59.9%, closing at 612 million pesos compared to 1,526 million pesos in the same period of the previous year. This was mainly impacted by the decrease in sales compared to the same period in 2019.

At the end of the third quarter, Alsea Mexico managed a total of 1,860 corporate units and 359 sub-franchise units.

EUROPE

Alsea Europa	*3Q20*	*3Q19*	*Var.*	*% Var.*	*9M20*	*9M19*	*% Var.*
Number of units	1,392	1,394	(2)	-	1,392	1,394	-
Same-store Sales	(29.8)%	2.6%	32.4 pp	-	(19.5)%	2.1%	21.6 pp
Sales	4,060	5,241	1,180	(22.5)%	9,858	15,515	(36.5)%
Costs	924	1,386	(462)	(33.3)%	2,493	4,118	(39.5)%
Operating Expenses	2,627	3,054	(427)	(14.0)%	7,032	8,912	(21.1)%
Adjusted EBITDA*	509	801	(292)	(36.4)%	334	2,485	(86.6)%
*Adjusted EBITDA margin**	*12.5%*	*15.3%*	*(2.8) pp*	-	*3.4%*	*16.0%*	*(12.6) pp*
Depreciation and Amortization	372	277	95	34.2%	1,070	832	28.6%
G&A and other expenses	314	313	1	0.4%	895	1,019	(12.2)%
Operating Income	(178)	210	(388)	NA.	(1,631)	634	N.A.

* Adjusted EBITDA does not include administrative expenses; thus it represents the “Store EBITDA”. (figures in million pesos)

SALES EUROPE

The sales for Alsea Europe represented 41.3% of the company's consolidated sales, compared to 37% at the end of the third quarter of 2019, and are made up of operations in Spain, Portugal, France, the Netherlands, Belgium, and Luxembourg.

Sales for this segment increased by 146.4%, reaching 4,060 million pesos compared to the second quarter of 2020. This increase is related to the easing of lockdown measures in the region, where restrictions on capacity and restaurant opening hours were lifted. The brands that made the greatest recovery during the quarter were Vips and Foster’s Hollywood with growth rates of approximately 300% compared to 2Q20, in addition to the continuous positive trend of Domino’s Pizza, which increased its sales by 46% compared to the second quarter of the year.

Compared to the same quarter in the previous year, **Alsea Europe reported a decrease in sales of 22.5%,** amounting to 4,060 million pesos compared to the 5,241 million pesos in 3Q19. This decrease of 1,080 million pesos is related to the partial closure of restaurants during the quarter, as a direct effect of the measures implemented by governments to combat the COVID-19 pandemic.

In the fourth quarter, despite some limitations of social distancing and capacity remaining within the restaurants, consumption has been improving, reaching sales levels of between 75% and 80% compared to the total sales of the same period in the previous year.

Adjusted EBITDA EUROPE

Alsea Europe's adjusted EBITDA increased by 189.9% to 509 million pesos in the third quarter, compared to the same period in 2019. This increase was generated by higher operating leverage in addition to government support in terms of salaries, rent negotiations, and G&A efficiencies, among other items.

At Alsea Europe, government support has been obtained through programs such as ERTE (temporary employment regulation file) due to force majeure, effective as of March 19 in Spain. At the end of the third quarter, approximately 22% of the Alsea staff in Spain was still signed up for this program.

Alsea Europe's Adjusted EBITDA represented 19.7% of the decrease in consolidated Adjusted EBITDA in the third quarter with a decrease of 36.4% to 509 million pesos in 3Q20, compared to 801 million pesos for the same period in 2019.

At the end of the third quarter, Alsea Europe managed a total of 875 corporate units and 517 sub-franchise units.

SOUTH AMERICA

Alsea South America	*3Q20*	*3Q19*	*Var.*	*% Var.*	*9M20*	*9M19*	*% Var.*
Number of units	625	632	(7)	(1.1)%	625	632	(1.1)%
Same-store Sales	(36.5)%	18.6%	(55.1) pp	-	(22.9)%	16.2%	-
Sales	1,203	2,415	(1,211)	(50.2)%	3,664	6,968	(47.4)%
Costs	416	792	(376)	(47.4)%	1,303	2,272	(42.6)%
Operating Expenses	677	1,235	(558)	(45.2)%	2,300	3,717	(38.1)%
Adjusted EBITDA*	110	388	(277)	(71.5)%	61	979	(93.8)%
*Adjusted EBITDA margin**	*9.2%*	*16.1%*	*(6.9) pp*	-	*1.7%*	*14.0%*	-
Depreciation and Amortization	64	108	(44)	(40.6)%	315	338	(6.7)%
G&A and other expenses	120	153	(33)	(21.6)%	355	489	(27.5)%
Operating Income	(74)	127	(200)	N.A.	(609)	151	N.A.

*Adjusted EBITDA does not include administrative expenses; thus, it represents the "Store EBITDA". **Figures in million pesos.

SALES SOUTH AMERICA

Alsea South America sales were 12.2% of the Company's consolidated sales for the third quarter of 2020, compared to 17% at the end of the third quarter of 2019, and are made up of operations in Argentina, Colombia, Chile and Uruguay.

Sales for this segment increased by 63.7% compared to the second quarter of the year**,** reaching 1,203 million pesos. This increase is related to the easing of lockdown restrictions in the region, despite the fact that countries such as Argentina and Chile continue to have strict control measures in place – they are two of the countries with the strictest restrictions in place globally. The country that showed the greatest recovery during the quarter was Chile, doubling its sales versus 2Q20.

Alsea South America **reported a decrease in sales of 50.2%,** reaching 1,203 million pesos compared to the 2,415 million pesos in the third quarter of 2019. This decrease was mainly due to the fall in sales related to the declaration of a health emergency in the different countries, decreeing the closure of restaurants and other non-essential businesses. At the brand level, Domino's Pizza continues its positive trend, registering a 34.8% increase in sales compared to the same period of the previous year.

Alsea's operations in Colombia have reported the smallest drop in sales compared to the other countries where Alsea has a presence, as a result of the strong penetration that our brands have in terms of home delivery. This represented 86.1% of the country's total sales in the third quarter of the year.

Adjusted EBITDA SOUTH AMERICA

Alsea South America's adjusted EBITDA increased by 181.8% compared the to 2Q20, closing at 110 million pesos, at the end of the third quarter. This increase was partially offset by the strategies focused on reducing both operational and administrative expenses. These strategies were implemented from the beginning of the year throughout the countries in which we operate in South America and were accentuated by the start of the pandemic.

Continuing with our strategy to improve the Company's profitability, we have completed the consolidation and integration of the operations in Chile, Argentina and Uruguay, with the priority of maximizing efficiencies, synergies, best practices, and capitalizing on future opportunities in these three countries, with Chile as our operational base. At the same time, the entire back office operation of Alsea South America has been consolidated in Colombia, which implies savings in terms of office rent and corporate expenses. In this way, after several months of planning, a strategic restructuring of the business has been achieved, accelerated by the unprecedented consequences as a result of the COVID-19 pandemic.

As part of the effort to control expenses, of the previously mentioned 1,571 million pesos achieved in savings at the consolidated Alsea level, during the quarter, 21.4% of these savings were achieved in Alsea South America, mainly as a result of government support, rental negotiations and efficiencies in G&A, among other items.

At the same time, the **Alsea South America's Adjusted EBITDA** represented 18.7% of the decrease in the consolidated Adjusted EBITDA in the third quarter. At the end of the 3Q20 Alsea South America's Adjusted EBITDA had decreased by 71.5%, closing at 110 million pesos, compared to the 388 million pesos for the same period in 2019.

At the end of the third quarter Alsea South America had a total of 600 corporate units and 25 sub-franchise units.

NON-OPERATING RESULTS

All-in Cost of Financing

The all-in cost of financing for the third quarter of 2020 **closed at 744 million pesos** compared to 543 million pesos in the same period of the previous year. This change is due to an increase of 179 million pesos in **foreign exchange losses** compared to those registered in the same period of the previous year. This was mainly related to the revaluation of the Company's cash held in dollars and additionally, to a **negative exchange rate effect** related to the purchase and sale options on the remaining 21.0% of Grupo Zena. This was partially offset by lower net **interest expenses.**

BALANCE SHEET

CAPEX

During the nine months ended September 30, 2020, **Alsea made capital investments, excluding acquisitions, for 1,301 million pesos**, of which 577 million pesos, equivalent to 44% of total investments, were allocated to:

- The opening of **42 units**
- The **renovation of equipment and remodeling of existing units** of the different brands operated by the Company.

The remaining 724 million pesos were allocated to:

- Equipment replacement (maintenance CAPEX),
- Strategic technology and process improvement projects,
- Software licenses, among other items.

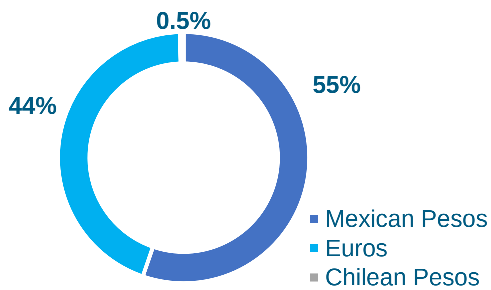
BANK DEBT AND FIXED-RATE BONDS

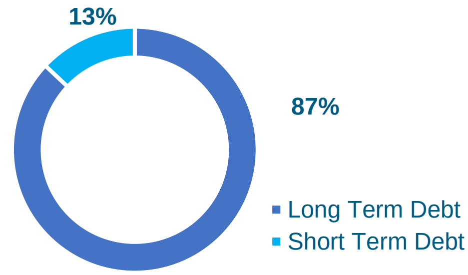
During the third quarter, we arranged short-term lines for 15 million euros in Spain. In addition, we have committed lines for up to 75 million euros to be drawn down as necessary in accordance with the solvency of the operation in Europe.

As of September 30, 2020, **Alsea's total debt increased by 6,554 million pesos,** closing at 33,357 million pesos compared to 26,802 million pesos in the previous year. This **increase in debt** corresponds mainly to the need for liquidity to continue operations during the COVID-19 contingency, coupled with the effect of 2 billion pesos for the revaluation of debt in euros due to its appreciation against the Mexican peso.

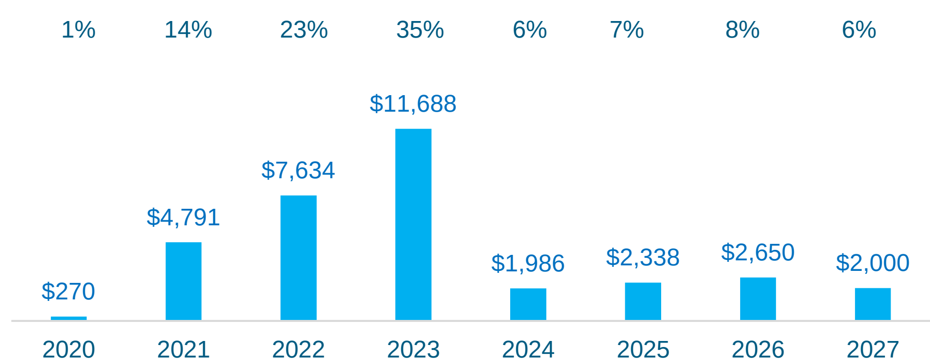
The **company's consolidated net debt increased 3,377 million pesos,** closing at **28,757 million pesos** as of September 30, 2020 compared to 25,380 million pesos at the end of the third quarter of 2019.

As of September 30, 2020, total debt was comprised as follows:





The following graph shows the balance of the total debt in millions of pesos as of September 30, 2020, as well as the maturities held for subsequent years:



* Figures in million pesos.

FINANCIAL RATIOS

As of September 30, 2020, the financial ratios established in the Company's loan agreements were:

- **Total Debt to EBITDA** (last 12 months) was **13.4 times** (covenants waived until July 2021).
- **Net Debt to EBITDA** (last 12 months) was **11.6 times.**

- **EBITDA** (last 12 months) **to interest paid** (over the last 12 months) was **1.1 times** (covenants waived until July 2021).
- In terms of **liquidity**, at the end of the third quarter of 2020, Alsea reported **4.6 billion pesos in cash**, meeting the minimum level of 2.0 billion pesos required according to the waiver.
- The **consolidated stockholders' equity** closed at 9.6 billion pesos, meeting the minimum level of 8.5 billion pesos required by the waiver.

KEY INFORMATION

Financial ratios	3Q20	3Q19	Var.
EBITDA(1) / Interest Paid	1.1 x	3.7 x	N.A
Total Debt / EBITDA(1)	13.4 x	3.5 x	N.A
Net Debt / EBITDA(1)	11.6 x	3.3 x	N.A
ROIC (2)	(3.9)%	8.3%	(12.2) pp
ROE (3)	(30.4)%	7.8%	(38.2) pp

Stock Market Indicators	3Q20	3Q19	Var.
Book Value per Share	$9.79	$12.87	(23.9)%
EPS (12 months) (4)	(2.24)	0.92	N.A.
Shares in circulation at end of period (millions)	832.9	830.7	0.3%
Price per Share at Market Close	$21.08	$45.88	(54.1)%

(1) EBITDA last 12 months, for the 3Q20 EBITDA in the last twelve months the pro forma excluding synergy expenses in Alsea Europe is used.
(2) ROIC is defined as operating income after taxes (last 12 months) over net operating investment (total assets – cash and short-term investments – no-cost liabilities).
(3) ROE is defined as net earnings (last 12 months) over shareholders' equity.
(4) EPS is earnings per share for the last 12 months.

IFRS 16 IN INCOME STATEMENT AND BALANCE SHEET

The adoption of IFRS 16 had a positive effect of 443 million pesos on the Income Statement for the quarter, which represented 75.1% of net income. Regarding EBITDA, a positive effect of 1,691 million pesos was registered, representing an increase of 16.9 percentage points in the EBITDA margin, closing at 21.3%.

Leverage ratios including IFRS 16 and hyperinflation in Argentina	3Q20
Total Debt / EBITDA(1)	5.2 x
Net Debt / EBITDA(1)	4.8 x

(1) EBITDA last 12 months

UNITS BY BRAND

BRANDS	UNITS 3Q20		
	Corporate	Subfranchises	Total
Domino's Pizza	807	416	1223
Mexico	448	336	784
Spain	277	55	332
Colombia	82	25	107
Burger King	408	-	408
Mexico	176	-	176
Argentina	115	-	115
Spain	60	-	60
Chile	57	-	57
Fast Food Restaurants	**1,215**	**416**	**1,631**
Starbucks			
Mexico	758	-	758
France	66	122	188
Spain	118	23	141
Argentina	134	-	134
Chile	133	-	133
Netherlands	16	70	86
Colombia	30	-	30
Belgium	-	31	31
Portugal	20	3	23
Uruguay	9	-	9
Luxembourg	-	4	4
Coffee Shops	**1284**	**253**	**1537**
Foster's Hollywood	**102**	**125**	**227**
Ginos	**88**	**36**	**124**
Spain	86	36	122
Portugal	2		2
Italianni's	**64**	**15**	**79**
El Portón	**32**	**-**	**32**
Chili's Grill & Bar	**76**	**-**	**76**
Mexico	71	-	71
Chile	5	-	5
Archie's	**29**	**-**	**29**
P.F. Chang's	**31**	**-**	**31**
Mexico	25	-	25
Colombia	3	-	3
Chile	3	-	3
Cañas y Tapas	**7**	**10**	**17**
TGI Fridays	**14**	**-**	**14**
The Cheesecake Factory	**5**	**-**	**5**
Corazón de Barro	**3**	**-**	**3**
La Casa del Comal	**1**	**-**	**1**
Ole Mole	**1**	**-**	**1**
Casual Dining	**453**	**186**	**639**
Foster's Hollywood Street	**1**	**-**	**1**
Vips Smart	**16**	**22**	**38**
Fast Casual Dining	**17**	**22**	**39**
Vips	**366**	**24**	**390**
Mexico	277	8	285
Spain	89	16	105
Family Dining	**366**	**24**	**390**
ALSEA TOTAL UNITS			**4,236**
Corporate	**3,335**		
Subfranchises		**901**	

UNITS BY COUNTRY

MEXICO	2,219	SPAIN	1,058	ARGENTINA	249	CHILE	198
FRANCE	188	COLOMBIA	169	NETHERLANDS	86	BELGIUM	31
PORTUGAL	25	URUGUAY	9	LUXEMBOURG	4		

ANALYST COVERAGE

INSTITUTION	ANALYST	RECOMMENDATION
ACTINVER	JUAN ENRIQUE PONCE	HOLD
BANK OF AMERICA MERRILL LYNCH	ROBERT E. FORD AGUILAR	SELL
BANORTE-IXE	VALENTIN MENDOZA BALDERAS	BUY
BARCLAYS	BENJAMIN M. THEURER	HOLD
BBVA BANCOMER	MIGUEL ULLOA SUAREZ	BUY
BRADESCO	RICHARD CATHCART	HOLD
BTG PACTUAL	ÁLVARO GARCÍA	HOLD
BX+	MARISOL HUERTA	BUY
CITI	SERGIO MATSUMOTO	HOLD
CREDIT SUISSE	VANESSA QUIROGA	BUY
GRUPO BURSÁTIL MEXICANO	LUIS RODRIGO WILLARD	UNDER REVIEW
HSBC	RAVI JAIN	BUY
INTERCAM	ALEJANDRA MARCOS	HOLD
INVEX	GISELLE MOJICA	SELL
ITAU BBA	JOAQUÍN LEY	HOLD
J.P. MORGAN	IAN LUKETIC	SELL
MONEX	JOSE ROBERTO SOLANO	-
SANTANDER	ALAN ALANIS	BUY
SCOTIABANK	RODRIGO ECHAGARAY	BUY
UBS	GUSTAVO OLIVEIRA	HOLD
MORGAN STANLEY	JAVIER MARTINEZ DE OLCOZ	BUY
VECTOR	MARCELA MUÑOZ	BUY
PUNTO CASA DE BOLSA	CRISTINA MORALES	BUY

This press release contains certain forward-looking information regarding the Company's results and outlook. However, actual results may vary materially from these estimates. Information on future events contained in this release should be read jointly with the risk summary in the Annual Report. That information, as well as future reports made by the Company or any of its representatives, whether verbal or in writing, may vary significantly from actual results. These projections and estimates, which are prepared in reference to a determined date, should not be taken as fact. The Company is in no way liable for updating or revising any of these projections and estimates, whether as a result of new information, future events or other associated events.

Reclassifications - The financial statements as of June 30, 2019, include certain reclassifications to the financial statements which do not have a material effect on the balance sheet, but are presented only for comparative purposes.

The Company's shares are traded on the Mexican Stock Exchange under the ticker ALSEA*.

Rafael Contreras Grosskelwing
Chief Financial Officer
Phone: (5255) 7583-2750 | ri@alsea.com.mx

RELEVANT EVENTS 3Q20

- Alsea informed of the ratification of the independent external auditor on August 28, 2020.
- On Thursday, July 2, Alsea reported on the agreement reached with all the banks with which it has relations, to renegotiate its credit contracts. The aim was to suspend the commitments originally assumed with the banks that have been affected by the impacts of the pandemic (mainly those related to the gross leverage ratio and the interest coverage ratio), from June 29, 2020 until June 30, 2021, to achieving better conditions to deal with COVID-19.

EARNINGS CONFERENCE CALL 2Q20

The conference call will be held on **Friday, October 30, 2020, at 09:00 a.m. (Mexico City time)**, it will be held in English and will have a question and answer session.

To join the call, please dial in five minutes before the scheduled time at:

Mexico: (55) 4123.2120
United States: 800 981.3960
Europe: (44) 20.3514.2364

Access code: 1961#

After the replay period is over, the conference call will be available on our website: www.alsea.com.mx in the "investors" section.

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2020 AND 2019
(In thousands of nominal pesos)

	September 30,				Re-expression Argentina	NIIF 16	September 30,	
	2019		2020				2020	
Assets								
Current Assets:								
Cash and Short Term Investments	1,421,916	2.5%	4,599,514	7.3%	-	-	4,599,514	5.4%
Clients	1,103,972	2.0%	1,026,997	1.6%	-	-	1,026,997	1.2%
Other accounts and documents receivable	463,337	0.8%	530,770	0.8%	-	-	530,770	0.6%
Inventory	1,987,072	3.5%	1,659,686	2.6%	-	-	1,659,686	2.0%
Taxes recoverable	477,896	0.9%	588,206	0.9%	-	-	588,206	0.7%
Other current assets	777,333	1.4%	906,107	1.4%	-	-	906,107	1.1%
Assets held for sale	128,073	0.2%	-	0.0%	-	-	-	0.0%
Current assets	6,359,599	11.4%	9,311,280	14.8%	-	-	9,311,280	11.0%
Investments in shares of associated companies	85,191	0.2%	83,527	0.1%	-	-	83,527	0.1%
Store equipment, improvements to leased locales, and property, net	18,374,903	32.8%	17,938,472	28.6%	72,541	(887,572)	17,123,441	20.2%
Right of use assets non-executable	-	-	-	-	-	22,666,014	22,666,014	26.8%
Brand use rights, pre-operations, other intangible assets, net	27,502,708	49.1%	29,851,970	47.6%	19,801	-	29,871,771	35.3%
Deferred Income Tax	2,971,573	5.3%	3,986,926	6.4%	-	-	3,986,926	4.7%
Other Assets	733,838	1.3%	1,545,475	2.5%	-	-	1,545,475	1.8%
Total Assets	**56,027,812**	**100.0%**	**62,717,650**	100.0%	**92,342**	**21,778,442**	**84,588,434**	**100.0%**
LIABILITIES								
Short term:								
Providers	4,800,891	8.6%	6,237,956	9.9%	-	-	6,237,956	7.4%
Taxes payable	336,632	0.7%	300,939	0.5%	-	-	300,939	0.4%
Other accounts payable	4,683,156	8.4%	5,389,932	8.6%	-	(742,688)	4,647,244	5.5%
Lease liability non-executable	-	-	-	-	-	4,012,227	4,012,227	4.7%
Other short-term liabilities	2,376,742	4.2%	2,877,728	4.6%	-		2,877,728	3.4%
Bank loans	612,785	1.1%	4,627,260	7.4%	-		4,627,260	5.5%
Short-term liabilities	12,840,206	22.9%	19,433,815	31.0%	-	3,269,539	22,703,354	26.8%
Long term:								
Bank loans	18,216,196	32.5%	20,751,552	33.1%	-	-	20,751,552	24.5%
Commercial papers	7,973,338	14.2%	7,977,904	12.7%	-	-	7,977,904	9.4%
Deferred taxes - net	3,576,979	6.4%	4,289,113	6.8%	17,981	-	4,307,094	5.1%
Lease liability non-executable	-	-	-	-	-	20,709,852	20,709,852	24.5%
Other long-term liabilities	702,681	1.3%	693,498	1.1%	-	(255,783)	437,715	0.5%
Long-term liabilities	30,469,194	54.4%	33,712,067	53.8%	17,981	20,454,069	54,184,117	64.1%
Total Liabilites	**43,309,400**	**77.3%**	**53,145,882**	**84.7%**	**17,981**	**23,723,608**	**76,887,471**	**90.9%**
SHAREHOLDERS' EQUITY								
Minority interest	1,934,579	3.5%	1,419,397	2.3%	-	-	1,419,397	1.7%
Majority interest:					-	-		
Capital	475,528	0.8%	475,074	0.8%	-	-	475,074	0.6%
Net premium in share placement	8,625,720	15.4%	8,625,720	13.8%	-	-	8,625,720	10.2%
Accumulated income	2,064,109	3.7%	3,708,991	5.9%	257,506	(2,265,375)	1,701,122	2.0%
Income during the year	536,248	1.0%	(3,328,747)	(5.3)%	(183,145)	159,855	(3,352,037)	(4.0)%
Exchange rate effects from foreign entities	(917,773)	(1.6)%	(1,328,667)	(2.1)%	-	160,354	(1,168,313)	(1.4)%
Majority interest	**10,783,833**	**19.2%**	**8,152,371**	**13.0%**	**74,361**	**(1,945,166)**	**6,281,566**	**7.4%**
Total Shareholders' Equity	**12,718,412**	**22.7%**	**9,571,768**	**15.3%**	**74,361**	**(1,945,166)**	**7,700,963**	**9.1%**
Total Liabilities and Shareholders' Equity	**56,027,812**	**100.0%**	**62,717,650**	**100.0%**	**92,342**	**21,778,442**	**84,588,434**	**100.0%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS
ENDED SEPTEMBER 30, 2020 AND 2019
(In thousands of nominal pesos)

	Three months ended on September 30, 2020		Re-expression Argentina	NIIF 16	Three months ended on September 30, 2020	
Net sales	$ 9,833,167	100%	$ 62,351	-	$ 9,895,518	100%
Cost of sales	2,775,300	28.2%	26,756	-	2,802,056	28.3%
Gross Income	**7,057,867**	**71.8%**	**35,595**	**-**	**7,093,462**	**71.7%**
Operating expenses	6,623,481	67.4%	53,595	(1,691,092)	4,985,984	50.4%
Depreciation and amortization	950,818	9.7%	73,375	1,004,271	2,028,464	20.5%
Operating Income	**(516,432)**	**(5.3%)**	**(91,375)**	**686,821**	**79,014**	**0.8%**
All-in cost of financing:						
Interest paid – net	544,679	5.5%	428	243,471	788,578	8.0%
Changes in reasonable value Financial Liabilities	(2,227)	-	-	-	(2,227)	-
Exchange rate loss / (income)	202,000	2.1%	(25,026)	-	176,974	1.8%
	744,452	7.6%	(24,598)	243,471	963,325	9.7%
Participation in associated companies' results	(87)	-	-	-	(87)	-
Income before Taxes	**(1,260,971)**	**(12.8%)**	**(66,777)**	**443,350**	**(884,398)**	**(8.9%)**
Tax on earnings	(290,217)	(3.0%)	(3,764)	-	(293,981)	(3.0%)
Consolidated Net Income	**(970,754)**	**(9.9%)**	**(63,013)**	**443,350**	**(590,417)**	**(6.0%)**
Non-controlling stake	(114,306)	(1.2%)	-	-	(114,306)	(1.2%)
Controlling Stake	**$ (856,448)**	**(8.7%)**	**$ (63,013)**	**443,350**	**$ (476,111)**	**(4.8%)**

	Three months ended on September 30, 2019		Re-expression Argentina	NIIF 16	Three months ended on September 30, 2019	
Net sales	$ 14,335,674	100%	$ 154,823	-	$ 14,490,497	100%
Cost of sales	4,225,360	29.5%	53,285	-	4,278,645	29.5%
Gross Income	**10,110,314**	**70.5%**	**101,538**	**-**	**10,211,852**	**70.5%**
Operating expenses	8,194,922	57.2%	97,505	(1,549,837)	6,742,595	46.5%
Depreciation and amortization	949,285	6.6%	31,467	1,141,644	2,122,396	14.6%
Operating Income	**966,107**	**6.7%**	**(27,434)**	**408,193**	**1,346,861**	**9.3%**
All-in cost of financing:						
Interest paid – net	558,664	3.9%	11,864	376,990	947,518	6.5%
Changes in reasonable value Financial Liabilities	(38,799)	(0.3%)	-	-	(38,799)	(0.3%)
Exchange rate loss / (income)	23,415	0.2%	10,362	-	33,777	0.2%
	543,280	3.8%	22,226	376,990	942,496	6.5%
Participation in associated companies' results	694	-	-	-	694	-
Income before Taxes	**423,521**	**3.0%**	**(49,660)**	**31,203**	**405,059**	**2.8%**
Tax on earnings	156,701	1.1%	17,603	-	174,304	1.2%
Consolidated Net Income	**266,820**	**1.9%**	**(67,263)**	**31,203**	**230,755**	**1.6%**
Non-controlling stake	40,149	0.3%	-	-	40,149	0.3%
Controlling Stake	**$ 226,671**	**1.6%**	**$ (67,263)**	**31,203**	**$ 190,606**	**1.3%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT BY SEGMENT FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020
(In thousands of nominal pesos)

MEXICO	Three months ended on September 30, 2020		NIIF 16	Three months ended on September 30, 2020	
Net sales	$ 4,569,466	100%	-	$ 4,569,466	100%
Operating expenses	2,885,382	63.1%	(733,041)	2,152,341	47.1%
Depreciation and amortization	514,151	11.3%	396,444	910,595	19.9%
Operating Income	**(265,155)**	**(5.8%)**	**336,597**	**71,442**	**1.6%**
All-in cost of financing	688,082	15.1%	163,336	851,418	18.6%
Consolidated Net Income	**$ (953,324)**	**(20.9)%**	**173,261**	**$ (780,063)**	**(17.1)%**

EUROPE	Three months ended on September 30, 2020		NIIF 16	Three months ended on September 30, 2020	
Net sales	$ 4,060,405	100%	-	$ 4,060,405	100%
Operating expenses	2,941,589	72.4%	(735,379)	2,206,210	54.3%
Depreciation and amortization	372,406	9.2%	511,788	884,194	21.8%
Operating Income	**(177,580)**	**(4.4%)**	**223,591**	**46,011**	**1.1%**
All-in cost of financing	97,367	2.4%	59,881	157,248	3.9%
Consolidated Net Income	**$ (274,947)**	**(6.8)%**	**163,710**	**$ (111,237)**	**(2.7)%**

SOUTH AMERICA	Three months ended on September 30, 2020		Re-expression Argentina	NIIF 16	Three months ended on September 30, 2020	
Net sales	$ 1,203,296	100%	62,351	-	$ 1,265,647	100%
Operating expenses	796,510	66.2%	53,595	(222,672)	627,433	49.6%
Depreciation and amortization	64,261	5.3%	73,375	96,039	233,675	18.5%
Operating Income	**(73,697)**	**(6.1)%**	**(91,375)**	**126,633**	**(38,439)**	**(3.0)%**
All-in cost of financing	(40,997)	(3.4)%	(24,598)	20,254	(45,341)	(3.6)%
Consolidated Net Income	**$ (32,700)**	**(2.7)%**	**(66,777)**	**106,379**	**$ 6,902**	**0.5%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(In thousands of nominal pesos)

	Nine months ended September 30, 2020		Re-expression Argentina	NIIF 16	Nine months ended September 30, 2020	
Net sales	$ 27,069,602	100%	$ 128,783	-	$ 27,198,385	100%
Cost of sales	8,122,142	30.0%	51,015	-	8,173,157	30.1%
Gross Income	**18,947,460**	**70.0%**	**77,768**	**-**	**19,025,228**	**69.9%**
Operating expenses	19,031,349	70.3%	102,365	(3,870,956)	15,262,758	56.1%
Depreciation and amortization	3,050,567	11.3%	189,739	2,954,087	6,194,393	22.8%
Operating Income	**(3,134,456)**	**(11.6%)**	**(214,336)**	**916,869**	**(2,431,923)**	**(8.9%)**
All-in cost of financing:						
Interest paid – net	1,567,737	5.8%	1,035	757,014	2,325,786	8.6%
Changes in reasonable value Financial Liabilities	572,865	2.1%	-	-	572,865	2.1%
Exchange rate loss / (income)	(637,302)	(2.4%)	(25,836)	-	(663,138)	(2.4%)
	1,503,300	5.6%	(24,801)	757,014	2,235,513	8.2%
Participation in associated companies' results	(2,887)	-	-	-	(2,887)	-
Income before Taxes	**(4,640,643)**	**(17.1%)**	**(189,535)**	**159,855**	**(4,670,323)**	**(17.2%)**
Tax on earnings	(701,012)	(2.6%)	**(6,390)**	**-**	(707,402)	(2.6%)
Consolidated Net Income	**(3,939,632)**	**(14.6%)**	**(183,145)**	**159,855**	**(3,962,922)**	**(14.6%)**
Non-controlling stake	(610,885)	(2.3%)	**-**	**-**	(610,885)	(2.2%)
Controlling Stake	**$ (3,328,747)**	**(12.3%)**	**$ (183,145)**	**159,855**	**$ (3,352,037)**	**(12.3%)**

	Nine months ended September 30, 2020		Re-expression Argentina	NIIF 16	Nine months ended September 30, 2020	
Net sales	$ 42,449,132	100%	$ 312,491	-	$ 42,761,623	100%
Cost of sales	12,577,583	29.6%	106,026	-	12,683,609	29.7%
Gross Income	**29,871,549**	**70.4%**	**206,465**	**-**	**30,078,014**	**70.3%**
Operating expenses	24,579,945	57.9%	199,737	(3,980,328)	20,799,353	48.6%
Depreciation and amortization	2,866,550	6.8%	144,166	2,961,445	5,972,161	14.0%
Operating Income	**2,425,054**	**5.7%**	**(137,438)**	**1,018,883**	**3,306,500**	**7.7%**
All-in cost of financing:						
Interest paid – net	1,522,011	3.6%	13,431	923,443	2,458,885	5.8%
Changes in reasonable value Financial Liabilities	(129,259)	(0.3%)	-	-	(129,259)	(0.3%)
Exchange rate loss / (income)	7,433	-	10,362	-	17,795	-
	1,400,185	3.3%	23,793	923,443	2,347,421	5.5%
Participation in associated companies' results	(1,223)	-	-	-	(1,223)	-
Income before Taxes	**1,023,646**	**2.4%**	**(161,231)**	**95,440**	**957,856**	**2.2%**
Tax on earnings	378,749	0.9%	89	-	378,838	0.9%
Consolidated Net Income	**644,897**	**1.5%**	**(161,320)**	**95,440**	**579,018**	**1.4%**
Non-controlling stake	108,649	0.3%	-	-	108,649	0.3%
Controlling Stake	**$ 536,248**	**1.3%**	**$ (161,320)**	**95,440**	**$ 470,369**	**1.1%**

ALSEA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(In thousands of nominal pesos)

	September 30, 2020	September 30, 2019
Operating activities:		
Consolidated result before income taxes	**$ (4,670,323)**	**$ 912,075**
Income from investments:		
Depreciation and amortization of brands	3,240,306	2,866,550
Depreciation for financial leasing	2,954,087	2,961,445
Write-down of fixed assets	373,303	179,456
Other entries	575,751	(128,041)
Total	**2,473,124**	**6,791,485**
Clients	86,654	(263,292)
Inventory	222,944	37,322
Providers	153,485	(367,100)
Taxes payable	105,809	(661,412)
Other assets and other liabilities	(1,674,447)	(770,047)
Total	(1,105,555)	**(2,024,530)**
Net cash flow from operations	**1,367,568**	**4,766,955**
Investment activities		
Store equipment, improvements to leased locales, and property	(979,401)	(1,664,812)
Brand use rights, pre-operations, other intangible assets, net	(321,970)	(263,038)
Acquisition of subsidiary	-	(934,624)
Acquisition or sale of participation in associated companies		47,009
Net cash flow from investment activities	**(1,301,371)**	**(2,815,465)**
Cash receivable from financing activities	**66,197**	**(1,915,940)**
Financing activities		
Bank credits and loan payments, net	5,375,840	1,030,157
Commercial papers, net	-	1,000,000
Financial leasing	(3,234,690)	(2,961,445)
Sale (repurchase) of shares	(148,356)	(164,423)
Other entries	68,719	-
Net cash flow from financing activities	**2,061,513**	**(1,095,351)**
Increase (decrease) net of cash	**2,127,711**	**856,139**
Adjustments to cash flow due to exchange rate variations	(153,586)	(1,422,080)
Cash at the beginning of the period	2,625,389	1,987,857
Cash at the end of the period	**$ 4,599,514**	**$ 1,421,916**