

As filed with the U.S. Securities and Exchange Commission on April 30, 2024

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 20-F**

(Mark One)

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2023
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- ☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-41954

BBB Foods Inc.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

British Virgin Islands

(Jurisdiction of incorporation or organization)

**Rio Danubio 51, Col. Cuauhtémoc
Mexico City, Mexico 06500**

(Address of principal executive offices)

**Eduardo Pizzuto Espinosa, Tel. + 52 (55) 1102 1202 ext. 1221. E-mail: ep@tiendas3b.com
Rio Danubio 51, Col. Cuauhtémoc, Mexico City, Mexico 06500**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Shares	TBBB	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Class A Common Shares	38,709,677
Class B Common Shares	5,200,000
Class C Common Shares	68,291,075

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

☐

†The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

☐

Indicate by checkmark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant period pursuant to §240.10D-1(b).

☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Definitions

Unless the context otherwise requires, references in this annual report to “Tiendas 3B,” the “Company,” “we,” “our,” “us” and similar terms are to BBB Foods Inc., together with its consolidated subsidiaries; references to our “principal shareholder” are to Bolton Partners Ltd., a vehicle affiliated with Mr. K. Anthony Hatoum, our founder, Chairman and Chief Executive Officer.

The term “Companies Act” refers to the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands.

The term “sales” refers to our Revenue from sales of merchandise.

Currency Information

The term “Mexican peso” and the symbol “Ps.” refer to the legal currency of Mexico, and the term “U.S. dollar” and the symbol “US\$” refer to the legal currency of the United States.

This annual report contains translations of certain Mexican peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Mexican peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated as of the dates mentioned herein or at any other rate. Unless otherwise indicated, we have translated Mexican peso amounts into U.S. dollars at the rate of Ps.16.89 per US\$1.00, the exchange rate to pay foreign currency denominated obligations due on December 31, 2023 published by the Mexican Central Bank in the Mexican Federal Official Gazette (*Diario Oficial de la Federación*, or the “Official Gazette”). In addition, we have translated the U.S. dollar amounts outstanding on the Promissory Notes and the Convertible Notes as of December 31, 2023 into Mexican pesos at the rate of Ps.16.89 per US\$1.00 (the exchange rate to pay foreign currency denominated obligations due on December 31, 2023, published by the Mexican Central Bank in the Official Gazette) and as of December 31, 2022 at the rate of Ps.19.36 per US\$1.00 (the exchange rate to pay foreign currency denominated obligations due on December 31, 2022 published by the Mexican Central Bank in the Official Gazette).

Financial Statement Presentation

The Company was incorporated on July 9, 2004 in the British Virgin Islands with company number 605635.

The financial information presented herein has been derived from our consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, together with the notes thereto, prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and included elsewhere in this annual report.

Rounding Adjustments

We have made rounding adjustments to certain numbers presented in this annual report. As a result, numerical figures presented as totals may not always be the exact arithmetic results of their components. Percentage figures included in this annual report have not, in all cases, been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, certain percentage amounts in this annual report may vary from those obtained by performing the same calculations using the figures in our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, together with the notes thereto, included elsewhere in this annual report.

Market and Industry Data

This annual report contains data related to economic conditions in the market in which we operate. The information contained in this annual report concerning economic conditions is based on publicly available information from third-party sources that we believe to be reliable. Market data and certain industry forecast data used in this annual report were derived from our management's knowledge and our experience in the industry, internal reports and studies, where appropriate, as well as estimates, market research, publicly available information and industry publications. We obtained the information included in this annual report relating to the industry in which we operate, as well as the estimates concerning market shares, through internal research, public information and publications on the industry prepared by official public sources, such as the Mexican Central Bank (*Banco de México*).

Industry publications, governmental publications, and other market sources, including those referred to above, generally state that the information they include has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We have no reason to believe any of this information or these reports are inaccurate in any material respect and believe and act as if they are reliable. We have not independently verified it and they are subject to change based on various factors, including those discussed under "Item 3. Key Information—D. Risk Factors." Estimates of market and industry data are based on statistical models, key assumptions and limited data sampling, and actual market and industry data may differ significantly from estimated industry data. In addition, the data that we compile internally, and our estimates have not been verified by an independent source. Information derived from management's knowledge and our experience is presented on a reasonable, good faith basis. Except as disclosed in this annual report, none of the publications, reports or other published industry sources referred to in this annual report were commissioned by us or prepared at our request. Except as disclosed in this annual report, we have not sought or obtained the consent of any of these sources to include such market data in this annual report.

Trademarks and Trade Names

We own or have rights to trademarks, service marks and trade names that we use in connection with the operation of our business, including our corporate name, logos, and website names. Other trademarks, service marks and trade names appearing in this annual report are the property of their respective owners. Solely for convenience, some of the trademarks, service marks and trade names referred to in this annual report are listed without the ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to our trademarks, service marks and trade names.

Other Terms

In this annual report, we present a key operating metric, which we believe serve as measures of our operations.

We measure "Same Store Sales" using revenue from sales of merchandise from stores that were operational for at least the full preceding 12 months for the periods under consideration. When calculating this measure, we exclude stores that were temporarily closed (for one month or more) or permanently closed during the periods in consideration.

We measure Same Store Sales growth by comparing the Same Store Sales of stores that were open during the measurement period. For example, if a store began operations on September 1, 2023, it would not be included in Same Store Sales growth for the years ending December 31, 2023 or 2024. However, such store would be included in Same Store Sales growth for the year ending December 31, 2025. Our calculation of Same Store Sales may differ from Same Store Sales or similar metrics reported by other retailers.

Our management believes that Same Stores Sales is a relevant measure of the sales performance of a portfolio of stores that have been operating during the period under consideration. It enables us to assess how our existing stores' sales over a comparable period are performing year-over-year, excluding the impact of new store openings or closures, allowing us to measure the growth performance attributable to the existing store base.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains or incorporates by reference forward-looking statements within the meaning of U.S. federal securities laws. You can identify these statements because they are not limited to historical fact or they use words such as “outlook,” “may,” “will,” “should,” “could,” “would,” “believe,” “anticipate,” “plan,” “expect,” “estimate,” “forecast,” “confident,” “opportunities,” “goal,” “prospect,” “positioned,” “intend,” “committed,” “continue,” “future,” “guidance,” “years ahead,” “looking ahead,” “going forward,” “focused on,” “will likely result,” “can,” “project,” “accelerate,” “schedule,” “on track,” “seek,” “ensure,” “potential,” “objective,” “focused on,” “predict,” “look to,” “likely to,” “scheduled to,” or “subject to” and similar expressions that concern our strategy, plans, intentions, initiatives, or beliefs about future occurrences or results.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. There is no assurance that the expected events, trends or results will actually occur and we undertake no obligation to update publicly or revise any forward-looking statements and estimates whether as a result of new information, future events or otherwise.

Forward-looking statements include, but are not limited to, statements regarding our current belief or expectations as of the date of this annual report and estimates on future events and trends that affect or may affect our business, financial condition, results of operations, liquidity, prospects and the trading price of our Class A common shares. Although such forward-looking statements are based on assumptions and information currently available to us, which we believe to be reasonable, none of the forward-looking statements, whether expressed or implied, are indicative of or guarantee future results. Given such limitations, you should not make any investment decision on the basis of the forward-looking statements contained herein.

All forward-looking statements are subject to risks, uncertainties and other factors (including, without limitation, those described under “Item 3. Key Information—D. Risk Factors”) that may cause our actual results to differ materially from those which we expected. Key factors that could cause actual results to differ materially from the expectations expressed in or implied by such forward-looking statements, include, but are not limited to:

- economic factors reducing our customers’ spending, impairing our ability to execute our strategies and initiatives, and increasing our costs and expenses, resulting in materially decreased sales or profitability;
- failure to achieve or sustain our strategies and initiatives, including those relating to store openings, sourcing and supplier relationships, private label product development and cost initiatives, inventory management, supply chain, store operations, expense reduction and technology;
- risks associated with our private label products, including, but not limited to, our level of success in improving their margins;
- our ability to successfully identify, lease, obtain permits for and adapt real estate spaces for stores and distribution centers;
- our ability to renew our existing leases on terms that are not detrimental to us;
- competitive pressures and changes in the business environment and the geographic and product markets where we operate, including, but not limited to, pricing, promotional activity, expanded availability of mobile, web-based and other digital technologies, and alliances or other business combinations;
- our failure to attract, train and retain qualified employees while controlling labor costs and other labor issues;
- our loss of key personnel, including regional management, or inability to hire additional qualified personnel;

- sustainability of negative levels of working capital;
- product liability, product recall or other product safety or labeling claims;
- risks and challenges associated with sourcing merchandise from suppliers, including, but not limited to, those related to international trade;
- failure to successfully manage inventory balances;
- a significant disruption to our distribution network, the capacity of our distribution centers or the timely receipt of inventory, or delays in constructing or opening new distribution centers;
- damage or interruption to our information systems as a result of external factors, staffing shortages or challenges in maintaining or updating our existing technology or developing or implementing new technology;
- failure to maintain the security of our business, customer, employee or vendor information or to comply with privacy laws;
- the impact of changes in or noncompliance with laws and governmental regulations and requirements (including, but not limited to, those relating to environmental compliance, product and food safety or labeling, information security and privacy, labor and employment, employee wages, and those governing the sale of products, as well as tax laws, the interpretation of existing tax laws, or our failure to sustain our reporting positions, in each case negatively affecting our tax rate) and developments in or outcomes of private actions, class actions, multi-district litigation, arbitrations, derivative actions, administrative proceedings, regulatory actions or other litigation;
- incurrence of material uninsured losses, excessive insurance costs or accident costs;
- deterioration in market conditions, including market disruptions, limited liquidity and interest rate fluctuations, or changes in our credit profile;
- risks related to public health crises, including, but not limited to, the effects on our supply chain, distribution network, store and distribution center growth or customers' spending patterns;
- natural disasters, unusual weather conditions (whether or not caused by climate change), pandemic outbreaks or other health crises, acts of violence or terrorism, and global political events;
- changes to, or withdrawals from, free trade agreements, including the United States-Mexico-Canada Agreement (the "USMCA") to which Mexico is a party; and
- additional factors that may be disclosed under "Item 3. Key Information—D. Risk Factors" and "Item 5. Operating and Financial Review and Prospects."

We caution you that the foregoing list of significant factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this annual report may not in fact occur. Many of these risks are beyond our ability to control or predict. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained throughout this annual report.

We cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. We undertake no obligation, and specifically disclaim any duty, to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as may be required by law. As a result of these

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risks and uncertainties, we caution you not to place undue reliance on any forward-looking statements included herein or that may be made elsewhere from time to time by, or on behalf of, us.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

The following summarizes some, but not all, of the principal risks provided below. Please carefully consider all of the information discussed in this “Item 3. Key Information–D. Risk Factors” in this annual report for a detailed description of these and other risks.

- economic factors reducing our customers’ spending, impairing our ability to execute our strategies and initiatives, and increasing our costs and expenses, resulting in materially decreased sales or profitability;
- failure to achieve or sustain our strategies and initiatives, including those relating to store openings, sourcing and supplier relationships, private label product development and cost initiatives, inventory management, supply chain, store operations, expense reduction and technology;
- risks associated with our private label products, including, but not limited to, our level of success in improving their margins;
- our ability to successfully identify, lease, obtain permits for and adapt real estate spaces for stores and distribution centers;
- our ability to renew our existing leases on terms that are not detrimental to us;
- competitive pressures and changes in the business environment and the geographic and product markets where we operate, including, but not limited to, pricing, promotional activity, expanded availability of mobile, web-based and other digital technologies, and alliances or other business combinations;
- our failure to attract, train and retain qualified employees while controlling labor costs and other labor issues;
- our loss of key personnel, including regional management, or inability to hire additional qualified personnel;

- sustainability of negative levels of working capital;
- product liability, product recall or other product safety or labeling claims;
- risks and challenges associated with sourcing merchandise from suppliers, including, but not limited to, those related to international trade;
- failure to successfully manage inventory balances;
- a significant disruption to our distribution network, the capacity of our distribution centers or the timely receipt of inventory, or delays in constructing or opening new distribution centers;
- damage or interruption to our information systems as a result of external factors, staffing shortages or challenges in maintaining or updating our existing technology or developing or implementing new technology;
- failure to maintain the security of our business, customer, employee or vendor information or to comply with privacy laws;
- the impact of changes in or noncompliance with laws and governmental regulations and requirements (including, but not limited to, those relating to environmental compliance, product and food safety or labeling, information security and privacy, labor and employment, employee wages, and those governing the sale of products, as well as tax laws, the interpretation of existing tax laws, or our failure to sustain our reporting positions, in each case negatively affecting our tax rate) and developments in or outcomes of private actions, class actions, multi-district litigation, arbitrations, derivative actions, administrative proceedings, regulatory actions or other litigation;
- incurrence of material uninsured losses, excessive insurance costs or accident costs;
- deterioration in market conditions, including market disruptions, limited liquidity and interest rate fluctuations, or changes in our credit profile;
- risks related to public health crises, including but not limited to, the effects on our supply chain, distribution network, store and distribution center growth or customers' spending patterns;
- natural disasters, unusual weather conditions (whether or not caused by climate change), pandemic outbreaks or other health crises, acts of violence or terrorism, and global political events;
- changes to, or withdrawals from, free trade agreements, including the USMCA, to which Mexico is a party; and
- difficulties you may experience because we are a British Virgin Islands company in obtaining or enforcing judgments against us or our executive officers and directors in the United States.

Risks Relating to Our Business and Industry

Economic factors may reduce our customers' spending, impair our ability to execute our strategies and initiatives, and increase our costs and expenses, which could result in materially decreased sales or profitability.

Many of our customers have fixed or low incomes and limited discretionary spending resources. Any factor that could adversely affect their disposable income could impact potential customers' ability to shop in our stores as well as decrease their spending or cause them to shift their spending to our lower price and lower margin product choices, which could result in materially lower sales and/or profitability. Factors that could reduce our customers' disposable income include but are not limited to unemployment or underemployment or decline in real wages;

inflation; pandemics; higher fuel, energy, healthcare and housing costs, interest rates and tax rates; lack of available credit; and decreases in, or elimination of, government subsidies such as assistance programs.

Many of the economic factors listed above, as well as commodity rates; transportation, energy costs, lease and insurance costs; wage rates; foreign exchange rate fluctuations; measures that create barriers to or increase the costs of international trade (including increased import duties or tariffs); changes in applicable laws and regulations; reduction in the level of remittances and other economic factors, also could impair our ability to successfully execute our strategies and initiatives, as well as increase our cost of goods sold and selling, general and administrative expenses (including real estate costs), and may have other adverse consequences that we are unable to fully anticipate or control, all of which may materially decrease our sales or profitability.

Our plans depend significantly on strategies and initiatives designed to increase sales and profitability and improve the efficiencies, costs and effectiveness of our operations, and failure to achieve or sustain these plans could materially affect our results of operations.

We have short-term and long-term strategies and initiatives, which are designed to continue to improve our results of operations and financial condition. These include initiatives such as those relating to merchandising, real estate and new store development, private label product development, inventory management, supply chain, store operations, expense reduction, and technology. The effectiveness of these initiatives is inherently uncertain, even when tested successfully, and is dependent on consistency of training and execution, workforce stability, ease of execution and scalability, and the absence of offsetting factors that can influence results adversely. The number of our stores and distribution centers and our decentralized field management also contribute to the challenging nature of these factors. Other risk factors described herein also could negatively affect general implementation. Failure to achieve successful or cost-effective implementation of our initiatives could materially and adversely affect our business, results of operations and financial condition.

The success of our merchandising initiatives depends in part on our ability to predict the products that our customers will demand and to identify and timely respond to evolving trends in consumer preferences and demographic shifts in our markets. If we are unable to select and timely obtain products that are attractive to customers and at costs that allow us to sell them at an acceptable profit, or to effectively market such products, it could result in materially decreased sales and profitability.

We have experienced rapid growth in the past and there can be no assurance that the growth rate of our business will continue at such levels in the future.

We have experienced rapid growth as a business since our inception in 2005. Our growth has been largely focused in 15 states across the center of Mexico which are generally more densely populated and developed than other regions in Mexico. Expansion into new regions involves risks and uncertainties related to our ability to replicate our business model, efficiently expand our logistics capabilities and achieve profitability. Although we expect to continue to grow our store network, including by expanding into new regions, we cannot assure that we will be able to achieve a similar growth rate in store openings, that stores in untested regions will be equally profitable or that we will be able to replicate our distribution network model in new regions.

Our growth depends on our ability to successfully lease, obtain permits for and adapt real estate spaces for stores and distribution centers.

Our expansion depends, in part, on our ability to identify retail space and distribution center space that is attractive in terms of location, size and the contractual conditions of the lease, as well as on our ability to obtain the necessary permits for such spaces on a timely basis. In order to be suitable, retail locations must comply with certain characteristics in terms of size and configuration for our business model, which might not be widely available in the market at any given time. In addition, the market for commercial property and industrial property in large metropolitan areas in Mexico is increasingly competitive and we believe that competition for such properties is likely to continue increasing. If we fail to identify and secure such spaces on a timely basis for any reason, including as a result of competition from other companies seeking similar locations or our inability to obtain the necessary permits, our anticipated growth may be adversely affected. There can be no assurance that we will successfully

identify and lease suitable properties, lease such properties on acceptable terms on a timely basis or obtain the necessary permits to begin operating new stores.

The performance and operation of our business are subject to risks associated with our leased property portfolio.

We lease all the retail locations for our retail stores which are generally subject to periodic rent review, lease expiry and renegotiation. As a result, we are susceptible to changes in the property rental market, such as increases in market rents. Our stores are also subject to various local laws and regulatory requirements.

New stores and stores with renewed lease terms may not produce anticipated levels of revenue while increasing our costs, which would increase our expenses as a percentage of sales and adversely affect our competitive position and profitability. There can be no assurance that we will continue to be able to renew our store lease agreements on acceptable terms or at all as they expire. In addition, we must comply on an ongoing basis with the various applicable local laws and regulatory requirements. If we are unable to renew lease agreements for existing store locations as they expire or lease other favorable locations on acceptable terms, or if our existing rental agreements are terminated or revised to our detriment for any reason, or if we fail to comply with applicable local laws and regulatory requirements, our financial condition and operating results could be adversely affected.

Our financial results are subject to risks relating to competition and narrow profit margins in the food retail industry, which could adversely affect our results of operations and financial condition.

The retail food industry in Mexico is highly fragmented and increasingly competitive and our market and strategy are generally characterized by narrow profit margins. Market participants in our industry generally compete with respect to price, customers, store location, merchandise quality, product assortment and presentation, service offerings, in-stock consistency, customer service, ease of shopping experience, promotional activity, employees, and market share. We compete with hard discount stores such as Bodega Aurrera Express, Tiendas Neto and Tiendas BARA, discount formats of large retailers such as Bodega Aurrera, Walmart-Express, Súper Ché, Soriana Mercado, among others, and also with other retailers, including international, national, regional and local supermarket chains, independent grocery stores, specialty food stores, convenience stores, open-air markets, bodegas, small grocery stores, general merchandisers and discount retailers. In particular, we compete against informal vendors which represent a significant part of the Mexican economy. Informal vendors also have different formats, from small street side stands to larger, well stocked neighborhood shops or specialty stands in markets, all of which target a customer segment similar to ours. Given the informal nature of their operations, informal vendors are able to offer substantial cost savings to customers.

Our ability to compete depends on our ability to maintain our existing stores and open new stores in advantageous locations, as well as to offer the most competitive prices. To maintain competitive prices, we may be required to lower them, either temporarily or permanently, and may have limited ability to increase them in response to increased costs, resulting in lower margins and reduced profitability. Some of our competitors have greater financial, distribution, marketing and other resources, and may be able to secure better arrangements with suppliers than us.

Competition is intense, and is expected to continue to be so as we expand within Mexico and start competing against regional players. Some of our competitors may seek to reduce their store locations while others enter or increase their presence in our geographic and product markets (including through the expansion of the availability of delivery services) and expand the availability of mobile, web-based and other digital technologies, to facilitate a more convenient and competitive online and in-store shopping experience. If our competitors or other discount food retailers were to enter our industry in a significant way, including through alliances or other business combinations, it could significantly alter the competitive dynamics of the retail marketplace and result in competitors with greatly improved competitive positions, which could materially affect our financial performance. Our ability to effectively compete will depend substantially on our continued ability to develop and execute compelling and cost-effective strategies and initiatives. If we fail to anticipate or respond effectively to competitive pressures and industry changes, it could materially affect our results of operations and financial condition.

Failure to attract, develop and retain qualified employees while controlling labor costs, as well as other labor issues, could adversely affect our financial performance.

Our future growth and performance, positive customer experience and legal and regulatory compliance depends on our ability to attract, develop, retain and motivate qualified employees while operating in an industry challenged by historically high rates of employee turnover. Our ability to meet our labor needs, while controlling our labor costs, is subject to many external factors, including competition for and availability of qualified personnel, unemployment levels, wage rates (including the heightened possibility of increased federal, state and/or local minimum wage rates), health and other insurance costs, changes in employment and labor laws or other workplace regulations (including those relating to employee benefit programs such as health insurance and paid leave programs or the proposed labor law reform in Mexico aimed at reducing the maximum working hours per week that was recently being discussed by Mexican Congress and could be reintroduced in future legislative terms), employee activism, and our reputation and relevance within the labor market. If we are unable to attract, develop and retain adequate numbers of qualified employees, our operations, customer service levels, legal and regulatory compliance, and support functions could suffer. In addition, to the extent a significant portion of our employee base unionizes, or attempts to unionize, our labor and other related costs could increase. Our ability to pass along labor and other related costs to our customers is constrained by our everyday low-price model, and we may not be able to offset such increased costs elsewhere in our business.

Our success depends on our executive officers, our regional management and other key personnel. If we lose key personnel or are unable to hire additional qualified personnel, our business may be harmed.

Our future success depends to a significant degree on the skills, experience and efforts of our executive officers, and other key personnel. Importantly, given our decentralized management structure, we depend significantly on our regional management teams. The unexpected loss of the services of any of such persons could adversely affect our operations. There can be no assurance that our executive succession planning, retention or hiring efforts will be successful. Competition for skilled and experienced management personnel is intense, and a failure to attract and retain new qualified personnel could adversely affect our operations.

Our private labels may not be successful in improving our gross profit and may increase certain of the risks we face.

Our business has expanded its own range of private label items, which included 95 different private label brands and over 422 stock keeping units (“SKUs”) as of December 31, 2023, representing 46.5% of our sales for 2023. These private labels are important for future growth prospects as private label items offer an important source of differentiation against our competitors and also generally offer more attractive margins. The sale and expansion of these offerings also subjects us to or increases certain risks, such as: product liability claims and product recalls; disruptions in raw material and finished product supply and distribution chains; inability to successfully protect our proprietary rights; claims related to trademarks and proprietary rights of third parties; supplier labor and human rights issues, and other risks generally encountered by entities that source, sell and market exclusive branded offerings for retail. Further, most of our private label items are manufactured in Mexico, and while our policies set out standards for ethical business practices, it does not control these manufacturers or their labor or other business practices. Maintaining broad market acceptance of our private label items depends on many factors, including pricing, costs, quality and customer perception, and we may not achieve or maintain expected sales for our private label items.

Failure to appropriately address these risks could materially and adversely affect our private label initiatives, reputation, results of operations and financial condition.

Expansion into new product categories may carry significant risks and impact our operational results.

Our expansion into new product categories, including perishables, may present significant risks, potentially leading to adverse effects on our operational results. Introducing new products or categories requires substantial investment in procurement, storage, distribution, and marketing, as well as regulatory compliance and additional market competition. Specifically, perishables pose unique challenges due to their limited shelf life, needing rapid turnover and high-quality supply chain management to prevent loss. In addition, there is also the inherent risk that

these new products or categories may not resonate with our customers, leading to underwhelming sales, excess inventory, and reduced margins. Failure to successfully anticipate consumer preference or efficiently manage these expanded offerings could result in unsold inventory, and financial losses, all of which could negatively impact our profitability and operating results.

Risks associated with or faced by our suppliers could adversely affect our financial performance.

We source our merchandise and private label products from a wide variety of primarily domestic suppliers. Our ability to offer a wide variety of products to our customers depends on our ability to obtain adequate products and supplies from manufacturers and other suppliers. Our suppliers' ability to timely manufacture and deliver the products we purchase may be subject to changes to the prices and flow of goods and ingredients and most often are for reasons beyond our control, such as political or civil unrest, acts of war, currency fluctuations, disruptions in maritime lanes, port labor disputes, economic conditions and instability in countries in which foreign suppliers are located, the financial instability of suppliers, failure to meet our terms and conditions or our standards, issues with our suppliers' labor practices or labor problems they may experience (such as strikes, stoppages or slowdowns, which could also increase labor costs during and following the disruption), the availability and cost of raw materials, pandemic outbreaks, merchandise quality or safety issues, transport availability and cost, increases in wage rates and taxes, transport security, inflation, and other factors relating to suppliers and the countries in which they are located or from which they import. Such changes could adversely affect our operations and profitability.

Our ability to maintain the accelerated growth rate we have experienced is heavily dependent, among other factors, on the ability of our suppliers to increase their capacity so they are able to fulfill our purchase orders at the same pace we expand and open new stores. Our suppliers may need to increase their capital expenditures and incur significant costs to increase such capacity. To the extent our suppliers are not able to increase their production and fulfillment capacity at the same rate we have grown, our ability to continue expanding rapidly may be impaired and as a result our margins and results of operations may be adversely affected. Additionally, if a supplier fails to deliver on its commitments, we could experience merchandise sellouts that could lead to lost sales and reputational harm. Further, failure of suppliers to meet our compliance protocols could prolong our procurement lead time, resulting in lost sales and adverse margin impact.

In the course of our operations, divergences and disputes may arise with our suppliers, including in relation to the terms of service and payment, which may result in an interruption or termination of our relationship with one or more suppliers, due to our election or as a result of actions by such supplier. Any such interruption or termination of a relationship could adversely affect our operations until such time as we replace such supplier. Any interruption or termination that has not been previously anticipated, especially if it results in interruption of our services or delivery of merchandise, could result in lost sales and adverse margin impact during any period in which such interruption is ongoing and result in reputational harm.

In the year ended December 31, 2023, we purchased products from 322 suppliers, with our largest supplier accounting for 3.7% of our total purchases, and the five largest suppliers accounting for 16.8% of our total purchases. Although we have developed a broad network of suppliers, some of our top selling products are only supplied by a single supplier or manufacturer. If any such single supply source becomes unavailable for any reason, replacing such supplier may be costly and adversely affect our ability to sell a given product until an adequate replacement is found. This risk is especially pronounced for our private label products where a supplier's failure could adversely affect the availability of a specific product across our entire store network. While we generally believe substitute suppliers are available, until such a replacement is found and such supplier passes our quality control assessments, we could face a temporary reduction in store inventory levels and/or a reduction in the quality of our merchandise. These factors could materially decrease our sales, reduce our margins and adversely affect our results of operations.

Our trademarks and trade names may be misappropriated or challenged by others.

We own the material trademark and trade name rights used in connection with our brands, private labels and the marketing and sale of our products. We believe our brand names and related intellectual property are important to our continued success. We attempt to protect our trademarks and trade names by exercising our rights under applicable trademark and copyright laws. Any infringement of our intellectual property rights would likely

result in a commitment of our time and resources to protect these rights through litigation or otherwise, which could be expensive and time-consuming. If we were to fail to protect our intellectual property rights for any reason, it could have an adverse effect on our business, results of operations and financial condition. We are subject and may continue to be subject to trademark disputes relating to the products that we sell and if we were to fail to protect our intellectual property rights for any reason, it could have an adverse effect on our business, results of operations and financial condition.

We maintain a negative working capital position.

As is customary for businesses with high inventory turnover and strict control over working capital, we consistently maintain a negative working capital position.

Although we received investments in the form of equity and debt to fund our foundation and initial growth, our working capital and capital expenditure requirements have historically been funded entirely from cash generated by our operations. In addition to the proceeds that we received from our initial public offering, cash flows from our operating activities have been, and we expect that these cash flows will continue to be, the single largest source of our liquidity and capital resources.

Negative working capital is an important driver in our cash flow from operating activities and is used to finance our store expansion. Our negative working capital and increases in our negative working capital has been and is expected to continue to be a major source of capital resources.

If our revenues decrease materially, or key suppliers change payment terms, we may not have enough available cash to meet our obligations as they become due or fund our expansion. Further, we may not be able to raise additional funds on satisfactory terms, if at all, through equity or debt financings to meet our obligations or continue funding our expansion. In such an event, we may be required to delay, limit, reduce or terminate our business development or expansion efforts. Our business, financial condition and results of operations could be materially adversely affected as a result.

As a result of selling food products, we face the risk of product liability claims and adverse publicity.

The packaging, marketing, distribution and sale of food products purchased from others, as well as the production of foods under our private label brand names, entail an inherent risk of contamination or deterioration, which could potentially lead to product liability, product recall and resultant adverse liability and publicity. These products may contain contaminants that could, in certain cases, cause illness, injury or death to consumers. Our suppliers are legally responsible for any contamination or damage to goods during the production phase. However, we become legally responsible for any such defects from the moment we accept the goods from our suppliers. In many instances, it is difficult to determine during what phase contamination or damage occurred. There can be no assurance that any claims will not be asserted against us in the future or that we will not be forced to undertake significant product recalls. Moreover, we do not have product liability insurance and do not have contractual indemnification provisions in all cases. If a material product liability claim were successful, contractual indemnifications may not be adequate to cover all liabilities we may incur. If we do not have adequate contractual indemnification available product liability claims relating to defective products could have a material adverse effect on our ability to successfully market our products and on our financial condition and operating results.

Even if a product liability claim is not successful or is not fully pursued, the negative publicity surrounding any alleged contamination or deterioration of our private label products could have a material adverse effect on our brand, image and profitability of these products.

Inventory shrinkage may negatively affect our results of operations and financial condition.

Although historically we have not experienced significant inventory shrinkage, inventory shrinkage is an unavoidable cost of doing business. Higher rates of inventory shrinkage or increased security or other costs to combat inventory theft could adversely affect our results of operations and financial condition. There can be no assurance that we will be successful in our efforts to contain or reduce inventory shrinkage.

Our return policy may negatively affect our profitability and financial condition.

Our commitment to customer satisfaction includes a no-questions-asked no-receipt needed money-back return policy, which, while enhancing consumer confidence and loyalty, also exposes us to certain financial risks. This policy can lead to a higher volume of returned merchandise compared to competitors with more restrictive return policies. Handling returns involves additional logistics, restocking, and customer service costs, and can result in the inability to resell returned products at full price, particularly if they are perishable, used, or no longer in salable condition. High return rates can lead to increased waste, affect inventory management, and result in financial losses, impacting our margins and overall profitability. The financial impact could include additional expenses related to the processing and disposition of returns, which could adversely affect our results of operations.

Our cash flows from operations, profitability and financial condition may be negatively affected if we are not successful in managing our inventory balances.

Our inventory balance represented 15.9% and 16.4% of our total assets as of December 31, 2023 and 2022, respectively. Efficient inventory management is a key component of our business success and profitability. We must maintain sufficient inventory levels and an appropriate product mix to meet our customers' demands without allowing those levels to increase such that the costs to store and hold the goods unduly impacts our financial results or increases the risk of inventory shrinkage. If we do not accurately predict customer trends, spending levels, or price sensitivity, we may have to take unanticipated markdowns to dispose of the excess inventory, which also can adversely affect our financial results. We continue to focus on ways to reduce these risks, but we cannot make assurances that we will be successful in our inventory management. If we are not successful in managing our inventory balances, our cash flows from operations and financial condition may be negatively affected.

A significant disruption to our distribution network, the capacity of our distribution centers or the timely receipt of inventory could adversely affect sales or increase our transportation costs, which would decrease our profitability.

We rely on our distribution and transportation network to provide goods to our stores timely and cost-effectively. We and our vendors primarily rely on trucks to move goods from vendor locations to our distribution centers and our stores. Any disruption, unanticipated or unusual expense or operational failure related to this process (e.g., delivery delays, including as a result of pandemic outbreaks, or increases in transportation costs (such as those we experienced during 2021 and continue to experience), including increased fuel costs, import freight costs, a decrease in transportation capacity; or labor shortages) could negatively impact sales and profits. Labor shortages or work stoppages in the transportation industry or disruptions to the national and international transportation infrastructure, including as a result of pandemics, war or natural disasters, could also increase our costs or otherwise negatively affect our business.

As of December 31, 2023, all of our 14 distribution centers were leased by us, and we are analyzing the expansion of our distribution capabilities in line with our store openings. Delays in opening new facilities as they become necessary, termination of the leases of our distribution centers, renewing leases on less advantageous terms for existing facilities, or our failure to integrate new facilities, could adversely affect our financial performance by slowing store growth or by increasing transportation and product costs. In addition, distribution-related construction or expansion projects entail risks that could cause delays and cost overruns, such as: shortages of materials or skilled labor; work stoppages; unforeseen construction, scheduling, engineering, environmental or geological problems; weather interference; fires or other casualty losses; and unanticipated cost increases. For these reasons, the completion date and ultimate cost of these projects could differ significantly from initial expectations, and we cannot guarantee that any project will be completed on time or within established budgets.

Material damage or interruptions to our information systems as a result of external factors, staffing shortages or challenges in maintaining or updating our existing technology or developing or implementing new technology could materially and adversely affect our business and results of operations.

We depend on a variety of information technology systems, including systems owned and managed by third-party vendors, for the efficient functioning of our business, including, without limitation, transaction processing and the management of our employees, facilities, logistics, inventories, stores and customer-facing digital

applications and operations. Our technology initiatives may not deliver desired results or may do so on a delayed schedule. Additionally, such systems are subject to damage or interruption from power surges and outages, facility damage, physical theft, computer and telecommunications failures, inadequate or ineffective redundancy, malicious code (including malware, ransomware, or similar), successful attacks (e.g., account compromise; phishing; denial of service; and application, network or system vulnerability exploitation), software upgrade failures or code defects, natural disasters and human error. Design defects, damage to, or interruption to these systems may require a significant investment to repair or replace, disrupt our operations, result in the loss or corruption of critical data, and harm our reputation, all of which could materially and adversely affect our business or results of operations. Moreover, developing or implementing new technologies may result in risks associated with unfamiliar or untested technology, such as loss or corruption of critical data, logistics failures among other undesired results.

Failure to maintain the security of our business, customer, employee or vendor information or to comply with privacy laws could expose us to litigation, government enforcement actions and costly response measures, and could materially harm our reputation and affect our business and financial performance.

In connection with sales, we transmit confidential credit and debit card information which is encrypted using point-to-point encryption. We also have access to, collect or maintain certain private or confidential information regarding our customers, employees and their dependents, and vendors, as well as our business. Some of this information is stored electronically, some of which may leverage third-party service providers. Additionally, we may share information with select vendors that assist us in conducting our business. While we have implemented procedures and technology intended to protect such information and require appropriate controls of our vendors, external attackers could compromise such controls and result in unauthorized disclosure of such information, as attacks are becoming increasingly sophisticated, may include attacks on our third-party business partners, and do not always or immediately produce detectable indicators of compromise. Moreover, inadvertent or malicious internal personnel actions could result in a defeat of security measures and a compromise of our or our third-party vendors' information systems. Like other retailers, we and our vendors have experienced threats to, and infrequent immaterial incidents involving, data and systems, including by perpetrators of attempted random or targeted malicious attacks; computer malware, ransomware, bots, or other destructive or disruptive software; and attempts to misappropriate our information and cause system failures and disruptions. If attackers obtain customer, employee or vendor passwords through unrelated third-party breaches, and if impacted customers, employees, or vendors do not employ good online security practices (e.g., use the same password across different sites), these passwords could be used to gain access to their information or accounts with us in certain situations.

A significant security breach of any kind experienced by us or one of our vendors, which could be undetected for a period of time, or a significant failure by us or one of our vendors to comply with applicable privacy and information security laws, regulations and standards could expose us to risks of data loss, litigation, government enforcement actions, fines or penalties, credit card brand assessments, negative publicity and reputational harm, business disruption and costly response measures (e.g., providing notification to, and credit monitoring services for, affected individuals, as well as further upgrades to our security measures) which may not be covered by or may exceed the coverage limits of our insurance policies, and could materially disrupt our operations. Any resulting negative publicity could significantly harm our reputation which could cause us to lose market share and could materially and adversely affect our business and financial performance.

Natural disasters and unusual weather conditions (whether or not caused by climate change), pandemic outbreaks or other health crises, political or civil unrest, acts of violence or terrorism, and disruptive global political events could disrupt business and result in lower sales and otherwise adversely affect our financial performance.

The occurrence of one or more natural disasters, such as Hurricane Otis that struck Acapulco, Guerrero on Mexico's pacific coast on October 25, 2023 where we have 54 stores, and other future hurricanes, fires, floods, tornadoes, earthquakes, unusual weather conditions, pandemic outbreaks or other health crises, political or civil unrest, acts of violence or terrorism, looting (including within our stores, distribution centers or other Company property), or disruptive global political events or similar disruptions could adversely affect our reputation, business and financial performance. If any of these events result in the closure, or a limitation on operating hours, of one or more of our distribution centers, a significant number of stores, our sourcing offices, our corporate headquarters or data center or impact one or more of our key suppliers, our operations and financial performance could be materially

and adversely affected through an inability or reduced ability to make deliveries, process payroll or provide other support functions to our stores and through lost sales. For example, as a result of Hurricane Otis, our stores in Acapulco and surrounding areas suffered significant damages and property loss. Given the extensive damage to Acapulco's infrastructure, its population and their property, 51 stores were temporarily closed and thus we have delayed our expansion plans in the city which may affect our broader expansion plans, operations and financial performance. Although our stores were covered by insurance, we can provide no assurance that our insurers will cover all or a substantial amount of the losses incurred. Moreover, even if we receive adequate compensation from insurers, there is no guaranty that economic conditions in Acapulco will recover in a manner that will allow us to operate under the same conditions that prevailed before the storm.

These events also could affect consumer shopping patterns or prevent customers from reaching our stores, which could lead to lost sales and higher markdowns, or result in increases in fuel or other energy prices, fuel shortage(s), new store or distribution center opening delays, the temporary lack of an adequate work force in a market, the temporary or long-term disruption of product availability in our stores, the temporary or long-term inability to obtain or access technology needed to effectively run our business, disruption of our utility services or information systems, and damage to our reputation. These events may also increase the costs of insurance if they result in significant loss of property or other insurable damage by us or in the market more generally.

Our current insurance program may expose us to unexpected costs and negatively affect our financial performance.

Our insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions that we believe are prudent based on our operations. However, there are types of losses we may incur but against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war, certain crimes (including employee crime), certain wage and hour and other employment-related claims and litigation, actions based on certain consumer protection laws, and some natural and other disasters or similar events. If we incur material uninsured losses, our financial performance could suffer. Certain material events, such as political developments, security concerns and natural disasters have resulted, and may result again in sizable losses for the insurance industry and adversely affect the availability of adequate insurance coverage or result in excessive premium increases. To offset negative insurance market trends, we may elect to self-insure, accept higher deductibles or reduce the amount of coverage. In addition, we self-insure a significant portion of expected losses under our workers' compensation, automobile liability, general liability (including claims made against certain of our landlords), property loss, and group health insurance programs. Significant changes in actuarial assumptions and management estimates underlying our recorded liabilities for these losses, including any expected increases in medical and indemnity costs, could result in materially different expenses than expected under these programs, which could materially and adversely affect our results of operations and financial condition. Although we maintain property insurance for catastrophic events at our store support center and distribution centers, we are effectively self-insured for other property losses. If we experience a greater number of these losses than we anticipate, our financial performance could be adversely affected.

Any events that negatively impact the reputation of, or value associated with the Tiendas 3B brand or any of our private labels could adversely affect our business.

The Tiendas 3B brand along with our other private labels are important assets of our business. Maintaining the reputation of and value associated with our brands is central to the success of our business we could be adversely affected if customers lose confidence in the safety and quality of the products sold or provided by us. For third-party brands, we depend on our suppliers' investments in their own marketing and promotion of their brands in order for customers to purchase their products rather than those of the suppliers' competitors. We also depend on our suppliers to comply with applicable employment, environmental and other laws and standards so as not to negatively impact the Tiendas 3B brand. However, there can be no assurance that suppliers are or will remain in compliance with such laws.

In light of the increased public focus on employment, health and safety and environmental matters, a violation, or allegations of a violation of such laws or regulations, or a failure to achieve particular standards by any of our manufacturers, could lead to unfavorable publicity and a decline in public demand for our products, or require us to incur expenditure or make changes to our supply chain and other business arrangements to ensure compliance.

Any such events concerning us, or any of our manufacturers or suppliers that supply our products could create substantial erosion in the reputation of, or value associated with, the Tiendas 3B brand or our other private labels and could result in a material adverse effect on our business, results of operations, financial condition, or prospects.

A significant change in governmental regulations and requirements could materially increase our cost of doing business, and noncompliance with governmental regulations could materially and adversely affect our financial performance.

We routinely incur significant costs in complying with numerous and frequently changing laws and regulations, including those applicable to the opening and operation of our stores. The complexity of this regulatory environment and related compliance costs continue to increase due to additional legal and regulatory requirements, our expanding operations, and increased regulatory scrutiny and enforcement efforts. New or revised laws, regulations, policies, rules (*normas oficiales*) and related interpretations and enforcement practices, particularly those dealing with the sale of products, including without limitation, product and food safety, marketing or labeling; consumer protection; information security and privacy; labor and employment; employee wages and benefits; health and safety; imports and customs; taxes; and environmental compliance and climate-related disclosure, may significantly increase our expenses or require extensive system and operating changes that could materially increase our cost of doing business. Violations of applicable laws and regulations or untimely or incomplete execution of a required product recall can result in significant penalties (including loss of licenses or significant fines), class action or other litigation, governmental investigation or action and reputational damage. Additionally, changes in tax laws (including those related to the corporate tax rate), the interpretation of existing laws, or our failure to sustain our reporting positions on examination could adversely affect our overall effective tax rate. Furthermore, significant and/or rapid increases to the minimum wage rates could adversely affect our earnings if we are not able to otherwise offset these increased labor costs elsewhere in our business.

In December 2021, the Organization for Economic Cooperation and Development, or “OECD,” released final “Pillar Two” model rules pursuant to the Global Anti-Base Erosion Proposal, or “GloBE,” to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The rules issued by the OECD have not been enacted in the British Virgin Islands, which is where the Company is incorporated, nor Mexico, which is where the Company has most of its operations; however, Pillar Two legislation was enacted in the United Kingdom, the jurisdiction in which BBB Foods Limited Partnership and Lothian Shelf Limited are incorporated, and came into effect starting January 1, 2024. However, since Tiendas Tres B, S.A. de C.V., the main operating subsidiary of the Company, has an effective tax rate that exceeds 15%, no additional current tax exposure is expected to be recognized.

We analyze the potential implications of the application of the Pillar Two rules, including evaluating whether the requirements in each jurisdiction qualify as income taxes, and as of now we have determined there are no quantitative effects.

Our operations are subject to the general risks of litigation.

We are involved, on an ongoing basis, in litigation arising in the ordinary course of business or otherwise, which could result in unfavorable decisions or financial penalties against us. Litigation may include class actions involving consumers, shareholders, employees or personal injury, and claims related to commercial, labor, employment, antitrust, tax, administrative, intellectual property, torts, contract, securities or environmental matters. Moreover, litigation requires substantial time, which may distract our management. Even if we are successful, any litigation may be costly, and any awards may not approximate the costs of such litigation. Furthermore, there may be claims or expenses, which are denied insurance coverage by our insurance carriers, not fully covered by our insurance, in excess of the amount of our insurance coverage or not insurable at all. Litigation trends and expenses and the outcomes of litigation cannot be predicted with certainty and adverse litigations, trends, expenses and outcomes could have a material adverse effect on our business, financial condition, results of operations and prospects.

We will continue to be subject to legal proceedings and we may be subject to investigations. We cannot assure you that these proceedings and investigations will not have an adverse effect on our business, financial condition, results of operations and prospects. Moreover, adverse publicity about regulatory or legal actions or investigations and allegations by other parties involved in regulatory or legal actions against us could damage our reputation and brand image, undermine our customers' confidence and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or not material to our operations.

The development and strengthening of the class action system could adversely affect our business and operations.

Since 2011, there has been a legal framework in Mexico that allows the exercise of class actions in relation to the consumption of goods or services and in environmental matters. This could result in the filing of class actions against us by our customers or other market participants. Due to lack of judicial precedents in the interpretation and application of such laws, we cannot anticipate that class actions will be initiated against us, the outcome of any class action brought against us under such laws, including the extent of any liability and the impact of such liability on our activities, our financial situation, results of operations, cash flows, its prospects and/or the market price of our Class A common shares.

Changes in law, structural reforms, and related regulations that could impact pricing, reimbursement and coverage may adversely affect our business.

The continuing increase in consumer expenditures has been the subject of considerable government attention almost everywhere we conduct business. We cannot assure you that local, regional or federal government in the regions in which we operate will not enact laws or regulations designed to protect customer or reduce costs for consumers, including by imposing price caps on basic staples such as those primarily sold at our stores. Any such laws or regulations, changes thereto, or the enforcement thereof could adversely affect our pricing and profitability. Moreover, local governments may delay or restrict permits for new store locations in an effort to protect smaller local businesses or municipal markets, which could affect our ability to continue expanding.

Government investigations into sales and marketing practices may result in substantial penalties.

We operate in complex legal and regulatory environments, and any failure to comply with applicable laws, rules and regulations may result in civil and/or criminal legal proceedings. As those rules and regulations change or as interpretations of those regulations evolve, our prior conduct or that of companies we have acquired may be called into question. Such proceedings are unpredictable and may develop over lengthy periods of time. In addition, fines and corrective measures can be expensive and disruptive to operations.

We are subject to the Mexican federal anticorruption laws, and similar worldwide anticorruption, anti-bribery and anti-money laundering laws. Failure to comply with these laws could result in penalties, which could harm our reputation and have an adverse effect on our business.

Our business is subject to a significant number of laws, rules and regulations, including those relating to anti-bribery, anti-corruption and anti-money laundering. However, the Mexican regulatory regime related to anti-bribery, anti-corruption and anti-money laundering legislation is still developing and could be less stringent than anti-bribery, anti-corruption and anti-money laundering legislation, which has been implemented in other jurisdictions.

We have implemented compliance processes and internal control systems designed to prevent and detect inappropriate practices, fraud or violation of law. However, our existing compliance processes and internal control systems may not be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by our employees, contractors, agents, officers or any other persons who conduct business with or on behalf of us. We may in the future discover instances in which we have failed to comply with applicable laws and regulations or internal controls. If any of our employees, contractors, agents, officers or other persons with whom we conduct business engage in fraudulent, corrupt or other improper or unethical business practices or otherwise violate applicable laws, regulations or our own internal compliance systems, we could become subject to one or more enforcement actions by Mexican or foreign authorities (including the U.S. Department of Justice) or otherwise be found to be in violation

of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

We are subject to the provisions contained in the Mexican Industrial Property Law.

The brands that we operate are subject to the special provisions contained in the Mexican Industrial Property Law (*Ley Federal de Protección a la Propiedad Industrial*). These provisions are subject to frequent changes, which generally have a tendency to make them more stringent. Although future capital and operating expenses have been budgeted to maintain compliance with the Mexican Industrial Property Law, it cannot be guaranteed that they will be sufficient in the face of a change or future application of a much stricter law than the current one. Therefore, we cannot assure you that the costs of complying with this law or the provisions related to this matter, current and future, or derived from a more strict or different interpretation of this law, and the responsibility that could be incurred by failure to comply with it will not adversely affect our operations, results of operations, cash flow or financial condition.

Evolving expectations and/or requirements for reporting on or implementing environmental, social and governance (ESG) programs could increase our costs, and failure to meet expectations or requirements could adversely affect our sales and results of operations.

Expectations from shareholders, customers, employees, and other third parties concerning ESG reporting have increased and are increasing, and our ability to meet those expectations is dependent on several factors, including cooperation from suppliers and access to consistent and reliable data. Regulatory requirements are also increasing, including a new rule on the Enhancement and Standardization of Climate-Related Disclosures for Investors adopted by the U.S. Securities and Exchange Commission on March 6, 2024 which will require the disclosure of information including a registrant's material climate-related risks, activities to mitigate that risk, oversight of climate-related risks, any material climate-related targets or goals, the financial statement impacts of severe weather events, and, for certain issuers, Scope 1 and 2 greenhouse gas emissions. Although this new rule was voluntarily stayed by the SEC on April 4, 2024, pending resolution of multiple challenges to be heard by the Eighth Circuit Court, we cannot assure you that the stay will not be lifted in the future. Meeting stakeholder expectations and regulatory requirements could require additional resources and compliance costs. In addition, negative consumer perceptions regarding the sourcing of the products we sell and the sufficiency and transparency of our reporting on ESG matters, where applicable or as required by recently adopted regulations, and events that give rise to actual, potential, or perceived compliance and social responsibility concerns could damage our reputation, result in lost sales, cause our clients to seek alternative sources for their products and make it difficult and costly for us to regain our client's confidence.

We are subject to risks due to breaches of the Federal Law on Protection of Personal Data Held by Private Parties (Ley Federal de Protección de Datos Personales en Posesión de los Particulares).

We are subject to compliance with the Federal Law on Protection of Personal Data Held by Private Parties (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*). While we have procedures in place to comply at all times with such law, we are susceptible to breaches, due to our highly diversified operation and increasing e-commerce activity as well as complexity over digital protections, and its interactions across multiple systems including hardware, software, networks, applications, services or any other information technology that allow the exchange or computerized processing or digitized data. We will be susceptible to any violation that interrupts the protection of customer information, administrative security measures, physical security, unauthorized access by third parties, protection of mobile equipment, maintenance of data warehouses, technical security measures, electronic support, and physical support, among others. Since some of the information we receive is considered as sensitive in terms of the Mexican Federal Law on Personal Data Protection (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*), any breaches or perceived breaches of data privacy may lead to a wide range of sanctions from regulators as well as reduced confidence from clients and affect our reputation, which may have a substantial effect on our results.

We are subject to the Mexican Federal Consumer Protection Law.

We are subject to laws and regulations related to consumer protection, particularly with respect to our marketing and promotional programs. Despite the strict measures we take to protect our customers and our constant focus on improving the customer experience, there is a risk that a violation of consumer protection laws may occur at a store as part of our daily interaction with clients. In the event of non-compliance, the Mexican Consumer Protection Agency (*Procuraduría Federal del Consumidor*) could initiate proceedings against us, as well as impose sanctions, such as fines or closures to establishments, which could affect our operating results. Additionally, we may be subject to penalties from the Mexican Consumer Protection Agency (*Procuraduría Federal del Consumidor*) if we use marketing materials with inaccurate or misleading information, which, in turn may have an adverse effect in our reputation, business, financial condition and results of operations.

Risks Relating to Mexico and Other Global Risks

Since our operations are all based in Mexico, economic developments in Mexico may adversely affect our business and results of operations.

Currently, all of our operations are conducted, and all of our customers are located, in Mexico. Accordingly, our ability to raise revenues, our financial condition and results of operations are substantially dependent on the economic conditions prevailing in Mexico. As a result, our business may be significantly affected by the Mexican economy's general condition, by the depreciation of the Mexican peso, by inflation and high interest rates in Mexico, or by political developments in Mexico. Declines in growth, high rates of inflation and high interest rates in Mexico have a generally adverse effect on our operations. If inflation in Mexico increases while economic growth slows, our business, results of operations and financial condition will be affected. The Mexican government may adopt policies, changes in law and drastic measures to attempt to control and reduce the inflation such as price controls and restrict product offering which may have a significant effect on Mexican private business, supply chains and ultimately our margins. In addition, high interest rates and economic instability could increase our costs of financing.

In recent years, Mexico's sovereign debt rating was subject to downward revisions and negative outlooks from major rating agencies as a result of such agencies assessment of the overall financial capacity of the government of Mexico to pay its obligations and its ability to meet its financial commitments as they become due. Factors influencing such rating may include, among others, concerns about public spending pressure, election cycles, trade tensions, the ability of the state oil company (Petróleos Mexicanos, or "PEMEX") to meet its obligations and the government's support of it and others affecting the general macroeconomic outlook. We cannot ensure that the rating agencies will not announce additional downgrades of Mexico and/or PEMEX in the future. These downgrades could adversely affect the Mexican economy and, consequently, our business, financial condition, operating results and prospects. In the event that the Mexican economy experiences a deterioration in GDP growth or of economic conditions such as inflation, interest rate increases, downgrade of sovereign debt, among other factors, the activities, financial situation, operating results, cash flows and/or prospects of the Company, could be adversely and significantly affected.

Developments in other countries could materially affect the Mexican economy and, in turn, our business, financial condition and results of operations.

Mexico's economy is vulnerable to global market downturns and economic slowdowns. The macroeconomic environment in which we operate is beyond our control, and the future economic environment may continue to be less favorable than in recent years. There is no assurance of a strong economic recovery or that the current economic conditions will ameliorate. The risks associated with current and potential changes in the Mexican economy are significant and could have a material adverse effect on our business and results of operations.

The market prices of securities issued by companies with Mexican operations are affected to varying degrees by the economic and market situation in other places, including the United States, China, the rest of Latin America and other countries with emerging markets. Therefore, investors' reactions to events in any of these countries could have an adverse effect on the market price of securities issued by companies with Mexican operations. Past economic crises that have occurred in the United States, China or in countries with emerging

markets could cause a decrease in the levels of interest in the securities issued by companies with Mexican operations.

In the past, the emergence of adverse economic conditions in other emerging countries has led to capital flight and, consequently, to decreases in the value of foreign investments in Mexico. The financial crisis that arose in the United States during the third quarter of 2008, unleashed a global recession that directly and indirectly affected the economy and the Mexican stock markets and caused, among other things, fluctuations in purchase prices the sale of securities issued by publicly traded companies, shortage of credit, budget cuts, economic slowdowns, volatility in exchange rates, and inflationary pressures. Similarly, as a result of the COVID-19 pandemic, the global economy, including that of Mexico, was materially and adversely affected by a significant lack of liquidity, disruption in the credit markets, reduced business activity, rising unemployment, interest rates changes and erosion of consumer confidence which affected our customers.

Financial problems or an increase in risk related to investment in emerging economies or a perception of risk could limit foreign investment in Mexico and adversely affect the Mexican economy. Mexico has historically experienced uneven periods of economic growth and there can be no assurance that the overall business environment in which we operate will improve and we cannot predict the impact any future economic downturn could have on our results of operations and financial condition. However, consumer demand generally decreases during economic downturns, which will negatively affect our business and results of operations.

Fluctuations in the U.S. economy may adversely affect Mexico's economy and our business.

The United States is the single country with the highest share of trade with Mexico. Accordingly, the U.S. economy heavily influences the Mexican economy, and therefore, the deterioration of the United States' economy, the termination of the USMCA, claims thereunder or other related events may impact the economy of Mexico. Economic conditions in Mexico have become increasingly correlated to economic conditions in the United States as a result of the North American Free Trade Agreement ("NAFTA"), and, subsequently, the USMCA, which has induced higher economic activity between the two countries and increased the remittance of funds from Mexican immigrants working in the United States to Mexican residents.

Likewise, any action taken by the current U.S. or Mexico administrations, including changes to the USMCA and/or other U.S. government policies that may be adopted by the U.S. administration, could have a negative impact on the Mexican economy, such as reductions in the levels of remittances, reduced commercial activity or bilateral trade or declining foreign direct investment in Mexico. In addition, increased or perceptions of increased economic protectionism in the United States, Mexico and other countries could potentially lead to lower levels of trade and investment and economic growth, which could have a similarly negative impact on the Mexican economy. These economic and political consequences could adversely affect our business, operating results and financial condition.

We cannot make assurances that any events in the United States or elsewhere will not materially and adversely affect us.

The effects of public health crises may amplify the risks and uncertainties facing our business.

Pandemic outbreaks have impacted and may continue to impact our business and the long-term impacts of the social, economic, and financial disruptions caused by pandemics and the government responses to such disruptions are unknown. In addition, the impact on our business of the long-term effects of public health crises will depend on numerous factors that we cannot accurately predict.

We cannot predict with certainty the extent that our operations may be impacted by any effects of pandemics or other health crises on us or on our customers, suppliers, vendors, and other business partners, and each of their respective financial condition; however, any adverse effect on these parties could materially and adversely impact us. To the extent that any health disruptions affect the Mexican and global economy and our business, it may also heighten other risks described under the "Risk Factors" heading, including but not limited to those related to consumer behavior and expectations, competition, implementation of strategic initiatives, cybersecurity threats,

payment-related risks, supply chain disruptions, labor availability and cost, litigation and operational risk as a result of regulatory requirements.

The political situation in Mexico could negatively affect our operating results.

In Mexico, political instability has been a determining factor in business investment. Significant changes in laws, public policies and/or regulations or the use of public referendums (*consultas populares*) could affect Mexico's political and economic situation, which could, in turn, adversely affect our business. Any change in the current consumer protection or outer regulatory policies could have a significant effect on Mexican consumer service providers, including us, variations in interest rates, demand for our products and services, market conditions, and the prices of and returns on Mexican securities.

Mexican political events may significantly affect our business operations. In June 2024, Mexico will hold presidential elections and will renew the composition of the Chamber of Deputies (*Cámara de Diputados*), as well as local congresses and local governments. We cannot predict the impact that political developments in Mexico will have on the Mexican economy nor can we provide any assurances that the election or its outcome will not have an adverse effect on our business, financial condition and results of operations.

As of December 31, 2023, the *Movimiento Regeneración Nacional* (National Regeneration Movement, or "Morena"), the president's political party, and its allies held a simple majority in the Chamber of Deputies and the Senate and a strong influence in various local legislatures. Although the federal administration currently does not have significant power to implement substantial changes in law, policy and regulations in Mexico, including Constitutional reforms, which could negatively affect our business, results of operations, financial condition and prospects, we cannot guarantee that following the upcoming presidential elections in 2024 this will continue to be the case. We cannot predict whether potential changes in Mexican governmental and economic policy could adversely affect Mexico's economic conditions or the sector in which we operate. We cannot provide any assurances that political developments in Mexico, over which we have no control, will not have an adverse effect on our business, results of operations, financial condition and prospects.

The Mexican federal government has increasingly made significant changes to policies and regulations and may continue to do so in the future. The Mexican federal government drastically cut spending for the 2019 budget and it may cut spending in the future which may adversely affect economic growth. On July 2, 2019, the new Mexican Federal Republican Austerity Law (*Ley Federal de Austeridad Republicana*) was approved by the Mexican Senate. Federal government actions, such as those implemented to control inflation, federal spending cuts and other regulations and policies may include, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations, capital controls and limits on imports. Our business, financial condition and results of operations may be adversely affected by changes in governmental policies or regulations involving or affecting our management, operations and tax regime.

We cannot assure you that changes in the Mexican federal government policies will not adversely affect our business, financial condition and results of operations. In particular, tax legislation in Mexico is subject to continuous change, and we cannot assure you that the Mexican government will maintain existing political, social, economic or other policies or that such changes would not have a material adverse effect on our business, financial condition, results of operations and prospects.

The administration of the current president has taken actions that have significantly undermined investors' confidence in private ventures following the results of public referendums, such as the cancellation of public and private projects authorized by previous administrations, including the construction of the new Mexican airport, which immediately prompted the revision of Mexico's sovereign rating, the cancellation of the construction of a brewing facility of "Constellation Brands" in Baja California, Mexico, the expropriation of "Ferrosur's" railways in the Tehuantepec Isthmus, and the unilateral changes in the tariff regimes for private concessionaires of Mexican airports. Mexican Congress has also passed amendments to the Electric Industry Law (*Ley de la Industria Eléctrica*) which seek to disincentivize private investment in the electricity sector and concentrate generation within state-owned companies and laws that reduce the independence of the Instituto Nacional Electoral, Mexico's election supervisory body. Investors and credit rating agencies may be cautious about the Morena party's policies, which could contribute to a decrease in the Mexican economy's resilience in the event of a global economic downturn. We

cannot assure you that similar measures will not be taken in the future, which could have a negative effect on Mexico's economy.

We cannot predict the impact that economic, social and political instability in or affecting Mexico could adversely affect our business, financial condition and results of operations, as well as market conditions and prices of our securities. These and other future developments, over which we have no control, in the Mexican economic, political or social environment may cause disruptions to our business operations and decreases in our sales and net income.

Fluctuation of the Mexican peso relative to the U.S. dollar could adversely affect our financial condition, our ability to repay debt and other obligations and results of operations.

The exchange rate for the Mexican peso fluctuates in relation to the U.S. dollar and such fluctuations may, from time to time, have a material adverse effect on our earnings, assets, liability valuation and cash flows. Given most of our suppliers' raw materials are dollarized commodities or subject to global price fluctuations, depreciations of the Mexican peso may also increase the cost of our products. Given our pricing strategy, we may not always be able to pass on these increased costs to our clients sufficiently quickly or at all. Any failure or delay to pass on increased costs may adversely affect our profitability." A material devaluation or depreciation of the Mexican peso against the U.S. dollar may result in disruption of the international foreign exchange markets and may limit our ability to transfer or to convert Mexican pesos into U.S. dollars and other currencies to make timely payments of interest and principal on our U.S. dollar-denominated debt or obligations in other currencies.

The Mexican peso is a free-floating currency and, as such, it experiences exchange rate fluctuations relative to the U.S. dollar over time. While the Mexican government does not currently restrict, and since 1982 has not restricted, the right or ability of Mexican or foreign persons or entities to convert Mexican pesos into U.S. dollars or to transfer other currencies out of Mexico, the Mexican government could impose restrictive exchange rate policies or exchange controls in the future, as it has done in the past. Currency fluctuations may have an adverse effect on our financial position, results and cash flows in future periods. When the financial markets are volatile, as they have been in recent periods, our results may be substantially affected by variations in exchange rates and commodity prices and, to a lesser degree, interest rates. These effects include foreign exchange gain and loss on assets and liabilities denominated in U.S. dollars, fair value gain and loss on derivative financial instruments, commodities prices and changes in interest income and interest expense. These effects can be much more volatile than our operating performance and our operating cash flows.

The Mexican government exercises significant influence over the economy, and we face the risk of change in law.

The Mexican government has and is increasingly seeking to exert additional influence over the Mexican economy. Policies implemented by the Mexican government, changes in law and structural reforms may have a significant effect on Mexican private business, assets and securities. In the past, no party had a majority in Mexico's congress, and congressional opposition hampered the passage of laws and reforms. However, as of December 31, 2023, the president's political party and its allies held a simple majority in the Chamber of Deputies and the Senate and a strong influence in various local legislatures. The increased influence of the executive branch increases the risk of unexpected changes in law and policy.

Security risks in Mexico could increase, and this could adversely affect our results.

Mexico continues to experience high levels of violence and crime due to, among other factors, the activities of organized crime. Despite the measures adopted by the Mexican government, organized crime (especially drug-related crime) continues to exist and operate in Mexico. These activities, their possible escalation and the violence associated with them have had and may have a negative impact on the Mexican economy or on our operations in the future. The presence of violence among drug cartels, and between these and the Mexican law enforcement and armed forces, or an increase in other types of crime, pose a risk to our business, and might negatively impact business continuity.

High crime rates throughout Mexico could negatively impact our sales and operations. We and our personnel are exposed to safety threats such as theft, assault or destruction of property. Additionally, our fleet and the merchandise it transports is subject to an increased risk of theft, particularly on Mexican highways. Although we have established measures to mitigate these risks and recover stolen goods, criminal events, could negatively influence business by reducing the flow of customers to our stores if the area is deemed or perceived to be unsafe and may disrupt our supply chain and increase our operating, logistics and safety costs.

Changes in global trade policy could adversely affect our business.

Political leaders in the United States and in other countries have been elected on protectionist platforms, fueling doubts about the future of global free trade. The U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, and has made proposals and taken actions related thereto. In addition, the U.S. government has recently imposed tariffs on certain foreign goods, including steel and aluminum and has indicated a willingness to impose tariffs on imports of other products. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. Other countries, including Mexico, have threatened retaliatory tariffs on certain U.S. products. Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect our financial performance. In particular, the United States, Mexico and Canada renegotiated the North American Free Trade Agreement. Under the successor USMCA, several provisions were renegotiated and the extent to which they will affect the Mexican economy is still uncertain.

There can be no assurance that the USMCA will not be renegotiated, or its terms will continue to drive growth in Mexico, or that U.S. and Mexico trade relations will not deteriorate leading to further imposition of trade barriers. Any trade dispute between the United States and Mexico may have negative effects on the Mexican economy, the exchange rate, inflation and economic prospects, which will in turn negatively affect our business and results of operations.

High inflation rates may adversely affect our financial condition and results of operations.

The current inflation rate in Mexico is higher than the inflation rates of its most important commercial partners, including the United States and Canada. High inflation rates could adversely affect our business and financial condition and our results of operations. Mexico has a history of high levels of inflation and may experience high inflation in the future. Historically, inflation in Mexico has led to higher interest rates, depreciation of the Mexican peso and the imposition of substantial government controls over prices. If Mexico experiences high levels of inflation as it has in the past, these might adversely affect our operations and financial performance.

Furthermore, geopolitical developments, such as the Russia-Ukraine conflict and global supply chain disruptions, continue to increase uncertainty in the outlook of near-term and long-term economic activity, including whether inflation will continue and how long, and at what rate. Increases in inflation raise our costs for commodities, labor, materials and services and other costs required to grow and operate our business, and failure to secure these on reasonable terms may adversely impact our financial condition. Additionally, increases in inflation, along with geopolitical developments and global supply chain disruptions, have caused, and may in the future cause, global economic uncertainty and uncertainty about the interest rate environment, which may make it more difficult, costly or dilutive for us to secure additional financing. A failure to adequately respond to these risks could have a material adverse impact on our financial condition, results of operations or cash flows

Risks Relating to Our Class A Common Shares

Our principal shareholder, Bolton Partners Ltd., owns all of our Class B common shares and a portion of our Class C common shares, which in the aggregate represent approximately 46.4% of the voting power of our

common shares and therefore exercises significant influence over all matters requiring shareholder approval, which limits or precludes your ability to influence corporate matters.

Each Class A common share entitles its holder to one vote per share, each Class C common share entitles its holder one vote per share and each Class B common share entitles its holder to 15 votes per share, so long as the total number of the issued and outstanding Class B common shares represents at least 1.0% of the aggregate number of the aggregate common shares of the Company then outstanding.

Our principal shareholder owns all of our Class B common shares and a portion of our Class C common shares, representing approximately 46.4% of the voting power and 11.6% of the total number of our outstanding common shares, and will therefore have significant influence over matters requiring shareholder approval. However, the foregoing does not include Class C common shares that are held by our principal shareholder and our directors and officers in respect of both unvested and vested (but currently unexercisable) stock options or delayed-delivery awards under the Liquidity Event Bonus Plan and the Founder Liquidity Bonus, as applicable. Taking into account such Class C common shares, which our principal shareholder, directors and officers will be entitled to receive at later dates, and assuming net settlement at their respective strike prices, our principal shareholder beneficially owns approximately 45.0% of the combined voting power of our outstanding common shares. See “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.”

As a result, and for so long as our principal shareholder continues to beneficially own a sufficient number of Class B common shares and Class C common shares, our principal shareholder will have significant influence over the outcome of all decisions taken by our shareholders. Our principal shareholder will also be able to significantly influence our actions in areas such as business strategy, financing, distributions, acquisitions and dispositions of assets or businesses. For example, our principal shareholder’s significant influence may cause us to make acquisitions that increase the amount of our indebtedness or outstanding Class A common shares or inhibit change of control transactions that benefit other shareholders. Our principal shareholder’s decisions on these matters may be contrary to your expectations, preferences, or interests. Our principal shareholder may be able to prevent any other shareholder, including you, from blocking these actions. Our multiple class capital structure and our staggered board of directors may also limit the ability of others to acquire control. For more information, see “Item 10. Additional Information—A. Share Capital” and “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board of Directors.”

Our Class A common shares may not be a suitable investment for all investors, as an investment in our Class A common shares presents risks and the possibility of financial losses.

An investment in our Class A common shares is subject to risks. Investors who wish to invest in our Class A common shares are subject to asset losses, including loss of the entire value of their investment, as well as other risks, including those related to our Class A common shares, us, the sector in which we operate, our shareholders and the general macroeconomic environment in Mexico, among other risks.

Each potential investor in our Class A common shares must therefore determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in our Class A common shares and the impact our Class A common shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in our Class A common shares;
- understand thoroughly the terms of our Class A common shares and be familiar with the behavior of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

We may elect to raise additional capital in the future by issuing securities or may enter into corporate transactions with an effect similar to a merger, which may dilute your interest in our shares and affect the trading price of our Class A common shares.

We may elect to raise additional funds to grow our business and implement our growth strategy through public or private issuances of common shares or securities convertible into, or exchangeable for, our Class A common shares, including by using Class A common shares as acquisition consideration. Any such event may dilute your interest in our share capital or result in a decrease in the market price of our Class A common shares. In addition, we may also enter into mergers or other similar transactions in the future, which may dilute your interest in our shares or result in a decrease in the market price of our Class A common shares. Any fundraising through the issuance of shares or securities convertible into or exchangeable for our Class A common shares, or the participation in corporate transactions with an effect similar to a merger, may dilute your interest in our capital stock or result in a decrease in the market price of our Class A common shares.

We do not anticipate paying any cash dividends in the foreseeable future.

We currently intend to retain our future earnings, if any, for the foreseeable future, to fund the operation of our business and future growth. Accordingly, we do not anticipate paying any cash dividends to holders of our Class A common shares. As a result, capital appreciation in the price of our Class A common shares, if any, will be your only source of gain on an investment in our Class A common shares. The declaration, payment and amount of any future dividends will be made at the discretion of our board of directors and will depend upon, among other things, the results of operations, cash flows and financial condition, operating and capital requirements, and other factors as our board of directors considers relevant. In addition, our holding company structure makes us dependent on the operations of our subsidiaries. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend. See “Item 8. Financial Information–A. Consolidated Statements and Other Financial Information–Dividends and Dividend Policy.”

Our multiple class capital structure means our Class A common shares are not included in certain indices. We cannot predict the impact this may have on the trading price of our Class A common shares.

We cannot predict whether our multiple class capital structure, combined with the concentrated control of our company will result in a lower or more volatile market price of our Class A common shares or in adverse publicity or other adverse consequences. FTSE Russell, S&P Dow Jones and MSCI announced changes to their eligibility criteria for the inclusion of shares of public companies on certain indices, namely, to exclude companies with multiple classes of common shares. FTSE Russell requires greater than five percent of the company’s voting rights (aggregated across all of its equity securities, including, where identifiable, those not listed or trading) in the hands of public shareholders whereas S&P Dow Jones announced that companies with multiple share class structures, such as ours, will not be eligible for inclusion in the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together comprise the S&P Composite 1500. MSCI also announced its review of no-vote and multi-class structures and temporarily barred new multi-class listings from its ACWI Investable Market Index and U.S. Investable Market 2500 Index. We cannot guarantee that other stock indices will not take a similar approach to FTSE Russell, S&P Dow Jones and MSCI in the future. Pursuant to these policies, our multiple class capital structure makes our Class A common shares ineligible for inclusion in such indices and mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track these indices will not invest in our stock. Any such exclusion from indices could result in a less active trading market for our Class A common shares and depress the valuations of publicly traded companies excluded from the indices compared to those of similar companies that are included. In addition, several shareholder advisory firms have announced their opposition to the use of multiple share class structures. As a result, our multiple class capital structure may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our Class A common shares.

Our holding company structure makes us dependent on the operations of our subsidiaries.

BBB Foods Inc. is a company limited by shares incorporated under the laws of the British Virgin Islands. BBB Foods Inc. operates as a holding company and, accordingly, its material assets are our direct and indirect equity interests in our subsidiaries. The Company is therefore dependent upon the results of operations and, in turn, the payments, dividends and distributions from our subsidiaries for funds to pay our holding company's operating and other expenses and to pay future cash dividends or distributions, if any, to holders of our Class A common shares, and we may have tax costs in connection with any dividend or distribution. In addition, the payments, dividends and distributions from our subsidiaries to us for funds to pay future cash dividends or distributions, if any, to holders of our Class A common shares, could be restricted under financing arrangements that we or our subsidiaries may enter into in the future and we and such subsidiaries may be required to obtain the approval of lenders to make such payments to us in the event they are in default of their repayment obligations. Under Mexican law, our Mexican subsidiaries may only pay dividends, if among other things, any existing losses applicable to prior years have been made up or absorbed into shareholders equity and after at least 5% of net profits for the relevant fiscal year have been allocated to a legal reserve until the amount of the reserve equals 20% of a company's paid-in capital stock. If we or our Mexican subsidiaries fail to comply with the requirements to pay dividends under Mexican law, we may not be able to make distributions to our shareholders or service our debt obligations, which could ultimately have a material adverse effect on us.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, the price of our Class A common shares and their trading volume could decline.

The trading market for our Class A common shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no or too few securities or industry analysts commence coverage of our company, the trading price for our Class A common shares would likely be negatively affected. In the event securities or industry analysts initiate coverage, if one or more of the analysts who cover us downgrade our Class A common shares or publish inaccurate or unfavorable research about our business, the price of our Class A common shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our Class A common shares could decrease, which might cause the price of our Class A common shares and their trading volume to decline.

As a foreign private issuer, we have different disclosure and other requirements than U.S. domestic registrants.

As a foreign private issuer, we are subject to different disclosure and other requirements than domestic U.S. registrants. For example, as a foreign private issuer, in the United States, we are not subject to the same disclosure requirements as a domestic U.S. registrant under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), including the requirements to prepare and issue quarterly reports on Form 10-Q or to file current reports on Form 8-K upon the occurrence of specified significant events, the proxy rules applicable to domestic U.S. registrants under Section 14 of the Exchange Act or the insider reporting and short-swing profit rules applicable to domestic U.S. registrants under Section 16 of the Exchange Act. In addition, we intend to rely on exemptions from certain U.S. rules which will permit us to follow British Virgin Islands legal requirements rather than certain of the requirements that are applicable to U.S. domestic registrants.

Furthermore, foreign private issuers are required to file their annual report on Form 20-F within 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year. Foreign private issuers are also exempt from Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, even though we are required to furnish reports on Form 6-K disclosing the limited information which we have made or are required to make public pursuant to British Virgin Islands law, or are required to distribute to shareholders generally, and that is material to us, you may not receive information of the same type or amount that is required to be disclosed to shareholders of a U.S. company.

As a foreign private issuer, we are permitted to, and we will, rely on exemptions from certain corporate governance standards applicable to U.S. issuers, including the requirement that a majority of an issuer's directors consist of independent directors. This may afford less protection to holders of our Class A common shares.

U.S. rules require listed companies to have, among other things, a majority of the members of their board of directors to be independent, and to have independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign private issuer, however, we are permitted to, and we will, follow home country practice in lieu of the above requirements. See "Item 10. Additional Information—B. Memorandum and Articles of Association—British Virgin Islands Company Considerations."

We may lose our foreign private issuer status which would then require us to comply with the Exchange Act's domestic reporting regime and cause us to incur significant legal, accounting and other expenses.

In order to maintain our current status as a foreign private issuer, either (a) more than 50% of our common shares must be either directly or indirectly owned of record by non-residents of the United States or (b)(1) a majority of our executive officers or directors may not be U.S. citizens or residents; (2) more than 50% of our assets must not be located in the United States; and (3) our business must be administered principally outside the United States. If we lose this status, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC and New York Stock Exchange rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be significantly higher than the costs we will incur as a foreign private issuer.

We do not know whether market will constantly provide you with adequate liquidity for our Class A common shares. If the trading price of our Class A common shares fluctuates, you could lose a significant part of your investment.

We cannot predict how liquid the market for our Class A common shares might become. In addition, the market price of our Class A common shares may be influenced by many factors, some of which are beyond our control, including:

- announcements by us or our competitors of significant contracts or acquisitions;
- technological innovations by us or competitors;
- the failure of financial analysts to cover our Class A common shares or changes in financial estimates by analysts;
- actual or anticipated variations in our results of operations;
- changes in financial estimates by financial analysts, or any failure by us to meet or exceed any of these estimates, or changes in the recommendations of any financial analysts that elect to follow our Class A common shares or the shares of our competitors;
- announcements by us or our competitors of significant contracts or acquisitions;
- future sales of our shares; and
- investor perceptions of us and the industries in which we operate.

In addition, the stock market in general has experienced substantial price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of particular companies affected. These broad market and industry factors may materially harm the market price of our Class A common shares, regardless of our

operating performance. In the past, following periods of volatility in the market price of certain companies' securities, securities class action litigation has been instituted against these companies. This litigation, if instituted against us, could adversely affect our financial condition or results of operations. If a market is not maintained, the liquidity and price of our Class A common shares could be seriously harmed.

We have identified material weaknesses in our internal control over financial reporting and, if we fail to remediate such deficiencies (or identify and remediate any other material weaknesses) or otherwise fail to maintain an effective system of internal controls, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud. Any inability to report and file our financial results accurately and timely could harm our business and adversely impact the trading price of our securities.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis by the company's internal controls.

Prior to our initial public offering ("IPO"), we were a private company and had had limited accounting and financial reporting personnel and other resources with which to address our internal controls and procedures. As a privately held company, we were not required to evaluate our internal control over financial reporting in a manner that meets the standards of publicly traded companies required by Section 404(a) of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). We are still in the process of implementing Internal Control—Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). However, in connection with the audit of our financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 in accordance with PCAOB standards, we identified material weaknesses in our internal control over financial reporting as described in "Item 15. Controls and Procedures—D. Changes in Internal Control Over Financial Reporting".

Following the identification of these material weaknesses, we have taken measures, and plan to continue to take additional measures, to remediate these issues. However, the implementation of these measures may not fully address the material weaknesses in our internal control over financial reporting that we have identified, and we cannot, as of the date of this annual report, conclude that they have been fully remediated. Unless these material weaknesses are timely remediated, there is a risk that our internal control processes may not detect, or detect on a timely basis, misstatements in our financial statements or other financial reporting. In addition, going forward, we may continue to depend on third party advisors in respect of certain financial reporting matters. We have engaged a third-party advisor regarding the implementation of our internal control program and worked actively during 2023 in anticipation of being a public company in the United States. We are currently aiming to remediate during 2024 the material weaknesses we have identified as part of this internal control program, and we do not currently expect to incur material costs associated with our remediation plan.

Since our IPO, we have been subject to the reporting requirements under the Exchange Act and the Sarbanes-Oxley Act, as well as the rules and regulations of the SEC. Furthermore, once we have fully implemented Internal Control—Integrated Framework (2013 Framework) issued by COSO, and we perform an evaluation of internal controls over financial reporting under the Sarbanes-Oxley Act, we may identify further issues, including additional material weaknesses or control deficiencies. If we fail to maintain the adequacy of our internal control over financial reporting, as these rules and regulations are modified, supplemented, or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. In addition, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may disagree with our assessment or may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, as a public company, our reporting obligations may place a significant strain on our management, operational and financial resources, and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

If we fail to achieve and maintain an effective internal control environment or remediate any identified material weaknesses and other deficiencies or discover and address future material weaknesses or deficiencies, we could suffer material misstatements in our financial statements, fail to meet our reporting obligations or fail to prevent fraud, which would likely cause investors to lose confidence in our reported financial information. This could, in turn, limit our access to capital markets, subject our Class A common shares to potential delisting from the New York Stock Exchange, harm our results of operations, or lead to a decline in the trading price of our Class A common shares.

Risks Relating to Investing in a British Virgin Islands Company

We are a British Virgin Islands company and it may be difficult for you to obtain or enforce judgments against us or our executive officers and directors in the United States.

The Company is incorporated under the laws of the British Virgin Islands. Most of our assets are located outside the United States. Furthermore, most of our directors and officers and the experts named in this annual report reside outside the United States, and most of their assets are located outside the United States. As a result, you may find it difficult to effect service of process within the United States upon these persons or to enforce outside the United States judgments obtained against us or these persons in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it may also be difficult for you to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult or impossible for an investor to bring an action in a British Virgin Islands court predicated upon the civil liability provisions of the U.S. federal securities laws against us or these persons.

As there is no treaty in force on the reciprocal recognition and enforcement of judgments in civil and commercial matters between the United States and the British Virgin Islands, courts in the British Virgin Islands will not automatically recognize and enforce a final judgment rendered by a U.S. court.

Any final and conclusive monetary judgment obtained against us in U.S. courts, for a definite sum, may be treated by the courts of the British Virgin Islands as a cause of action in itself so that no retrial of the issued would be necessary, provided that in respect of the U.S. judgment:

- the U.S. court issuing the judgment had jurisdiction in the matter and the Company either submitted to such jurisdiction or were resident or carrying on business within such jurisdiction and were duly served with process;
- the judgment given by the U.S. court was not in respect of multiple damages, penalties, taxes, fines or similar fiscal or revenue obligations of the Company;
- in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the court;
- recognition or enforcement of the judgment in the British Virgin Islands would not be contrary to public policy of the British Virgin Islands;
- no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the British Virgin Islands;
- the proceedings pursuant to which judgment were obtained did not contravene the rules of natural justice of the British Virgin Islands; and
- there is due compliance with the correct procedures under the laws of the British Virgin Islands.

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited, because the Company is incorporated in the British Virgin Islands.

BBB Foods Inc. is a company incorporated under the laws of the British Virgin Islands. As a result, it may be difficult for investors to enforce judgments obtained in the United States courts against the Company or our directors or officers.

Our corporate affairs will be governed by our memorandum and articles of association, the Companies Act and the common law of the British Virgin Islands. Under our memorandum and articles of association, we indemnify and hold our directors harmless against all claims and suits brought against them, subject to limited exceptions. Under our memorandum and articles of association, to the extent allowed by law, the rights and obligations among or between us, any of our current or former directors, officers and employees and any current or former shareholder will be governed exclusively by the laws of the British Virgin Islands and subject to the exclusive jurisdiction of the British Virgin Islands courts, unless those rights or obligations do not relate to or arise out of their capacities as such. This exclusive jurisdiction may limit the shareholders' ability to bring a claim against us in a jurisdiction that they consider favorable to them in disputes with us. In addition, it may be costlier for shareholders to present claims in the courts located in the British Virgin Islands, which could discourage such claims. Nevertheless, our shareholders will not be deemed to have waived their rights related to our compliance with U.S. federal securities laws and the rules and regulations thereunder applicable to foreign private issuers. Although there is doubt as to whether U.S. courts would enforce this provision in an action brought in the United States under U.S. securities laws, this provision could make enforcing judgments obtained outside the British Virgin Islands more difficult to enforce against our assets in the British Virgin Islands or jurisdictions that would apply British Virgin Islands law.

There may be less publicly available information about us than is regularly published by or about U.S. issuers. Also, the British Virgin Islands regulations governing the securities of British Virgin Islands companies are not as extensive as those in effect in the United States, and the British Virgin Islands law and regulations in respect of corporate governance matters may not be as protective of minority shareholders as state corporation laws in the United States. Therefore, you may have more difficulty protecting your interests in connection with actions taken by the Company, our directors and officers or our principal shareholder than you would as a shareholder of a corporation incorporated in the United States.

The rights of shareholders to take action against the directors, actions by minority shareholders and the statutory and fiduciary responsibilities of our directors to the Company under British Virgin Islands law are governed by the Companies Act and the common law of the British Virgin Islands. The common law of the British Virgin Islands is derived from English common law, and whilst the decisions of the English courts are of persuasive authority, they are not binding on a court in the British Virgin Islands. The rights of our shareholders and the statutory and fiduciary responsibilities of our directors under British Virgin Islands law may not be as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the British Virgin Islands has a less developed body of securities laws as compared to the United States, and some states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law. In addition, while statutory provisions do exist in British Virgin Islands law for derivative actions to be brought in certain circumstances, such actions require the permission of a court in the British Virgin Islands and shareholders in British Virgin Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States. The circumstances in which any such action may be brought, and the procedures and defenses that may be available in respect to any such action, may result in the rights of shareholders of a British Virgin Islands company being more limited than those of shareholders of a company organized in the United States. Accordingly, shareholders may have fewer alternatives available to them if they believe that corporate wrongdoing has occurred.

The British Virgin Islands courts are also unlikely:

- to recognize or enforce against us judgments of courts of the United States based on certain civil liability provisions of U.S. securities laws where that liability is in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the Company; and

- to impose liabilities against the Company, in original actions brought in the British Virgin Islands, based on certain civil liability provisions of U.S. securities laws that are penal in nature.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by the Company, our board of directors, our management or our principal shareholder than they would as public shareholders of a U.S. company. For a discussion of certain differences between the provisions of the Companies Act, remedies available to shareholders and the laws applicable to companies incorporated in the United States and their shareholders, see “Item 10. Additional Information—B. Memorandum and Articles of Association—British Virgin Islands Company Considerations.”

You may not be able to participate in future equity offerings, and you may not receive any value for rights that we may grant.

Under our memorandum and articles of association, holders of Class B common shares are entitled to preemptive rights in the event that additional Class A common shares are issued in order to maintain their proportional ownership interest. However, our memorandum and articles of association also provide that such preemptive subscription rights do not apply to certain issuances of securities by us, including (i) pursuant to any employee compensation plans; (ii) as consideration for (a) any merger, consolidation or purchase of assets or (b) recapitalization or reorganization; (iii) in connection with a pro rata division of shares or dividend in specie or distribution; or (iv) pursuant to any bona fide shareholder rights plan adopted by the Company, and holders of our Class B common shares are not entitled to the benefits of any redemption or sinking fund provisions.

We are required to comply with economic substance requirements in the British Virgin Islands.

The British Virgin Islands, together with several other non-European Union jurisdictions, have introduced legislation aimed at addressing concerns raised by the Council of the European Union as to offshore structures engaged in certain activities which attract profits without real economic activity. With effect from January 1, 2019, the Economic Substance (Companies and Limited Partnerships) Act, 2018 (as amended, the “ESA”) came into force in the British Virgin Islands introducing certain economic substance requirements for British Virgin Islands tax resident companies which are engaged in certain “relevant activities,” which in our case applies for financial years from 2019 onwards.

At present, the activities which are conducted by us would constitute holding business. Although it is presently anticipated that the ESA will have little material impact on us or our operations, as the legislation is new and remains subject to further clarification and interpretation it may not be possible to ascertain the precise impact of any legislative changes or changes in official guidance on us. We are required to make an annual filing with the British Virgin Islands International Tax Authority confirming if we carried out any “relevant activities” during the preceding financial period and, if so, providing certain prescribed information.

If our activities change or if the scope of the “relevant activities” is changed by subsequent legislation, we may be required to increase our substance in the British Virgin Islands to satisfy such requirements, which could result in additional costs that could adversely affect our financial condition or results of operations. If we were required to satisfy economic substance requirements in the British Virgin Islands but failed to do so, we could face financial penalties, restriction or regulation of our business activities and/or may be struck off as a registered entity in the British Virgin Islands or liquidated.

ITEM 4. INFORMATION ON THE COMPANY

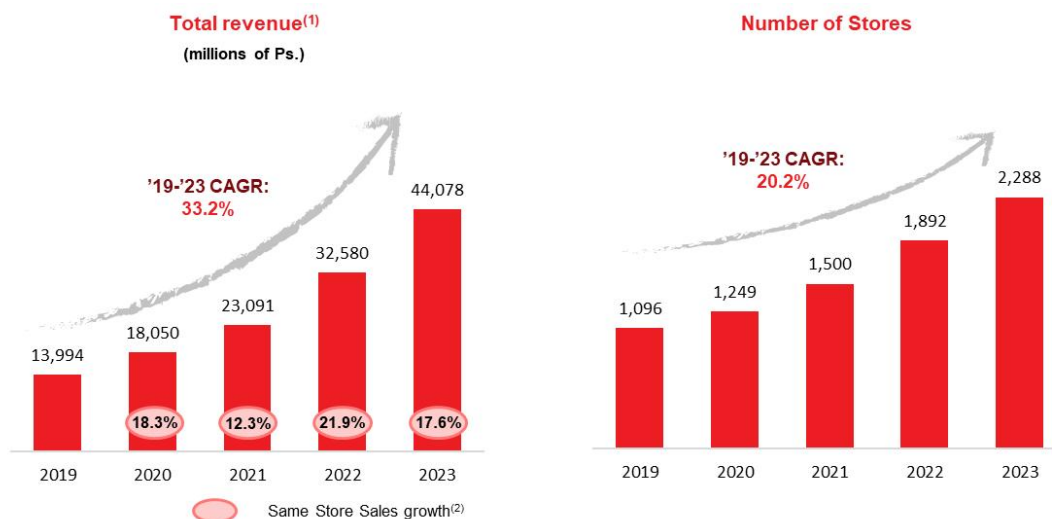
A. HISTORY AND DEVELOPMENT OF THE COMPANY

We were incorporated on July 9, 2004 under the laws of the British Virgin Islands with company number 605635. Our principal executive offices are located at Río Danubio 51, Col. Cuauhtémoc, Mexico City, Mexico 06500. Our registered office is located at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola VG1110, British Virgin Islands. Our website is www.tiendas3b.com and our investor relations website is <https://www.investorstiendas3b.com/>.

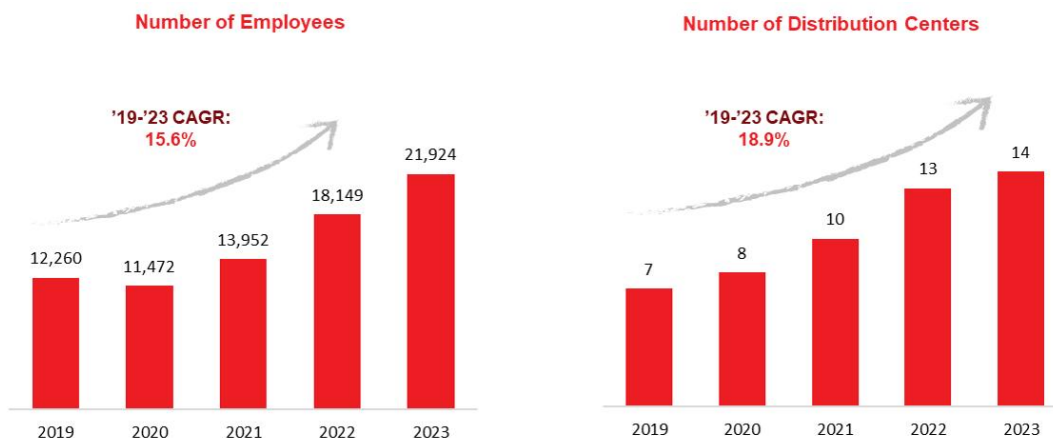
In 2004, K. Anthony Hatoum, founder, Chairman and Chief Executive Officer of Tiendas 3B, decided to start a new hard discounter in Mexico based on his experience with BIM, the successful Turkish hard discounter, and his conviction of the model's sustainable competitive advantages and financial attractiveness. After analyzing the prospects of several countries in Asia, Eastern Europe and Latin America, Mr. Hatoum chose to start this new business in Mexico. Convinced by the country's business case, he opened the first store in February 2005 in Mexico City.

The development of private label products, core to offering high value to our customers, has been part of our business strategy since our founding. We launched our first private label, "LactiBu," a modified liquid milk formula, in May 2005. As of December 31, 2023, we had developed over 95 different private label brands, representing over 422 SKUs. Our value offer to our customers improves continuously as we introduce new private labels and continue to improve existing ones.

As of December 31, 2023, we had grown to become the leading hard discount retailer in Mexico with 2,288 stores, 14 distribution centers, and, as of December 31, 2023, 21,924 employees. The charts below highlight our growth trajectory from 2019 to 2023.



Notes:
1. Total revenue is calculated as the sum of Revenue from sales of merchandise and sales of recyclables
2. "Same Store Sales" is calculated using revenue from sales of merchandise from stores that were operational for at least the full 12 months for the periods under consideration. Stores that were temporarily closed (for one month or more) or permanently closed during the periods in consideration were excluded when calculating this measure. Same Store Sales growth is measured by comparing the Same Store Sales of stores that were open during the measurement period



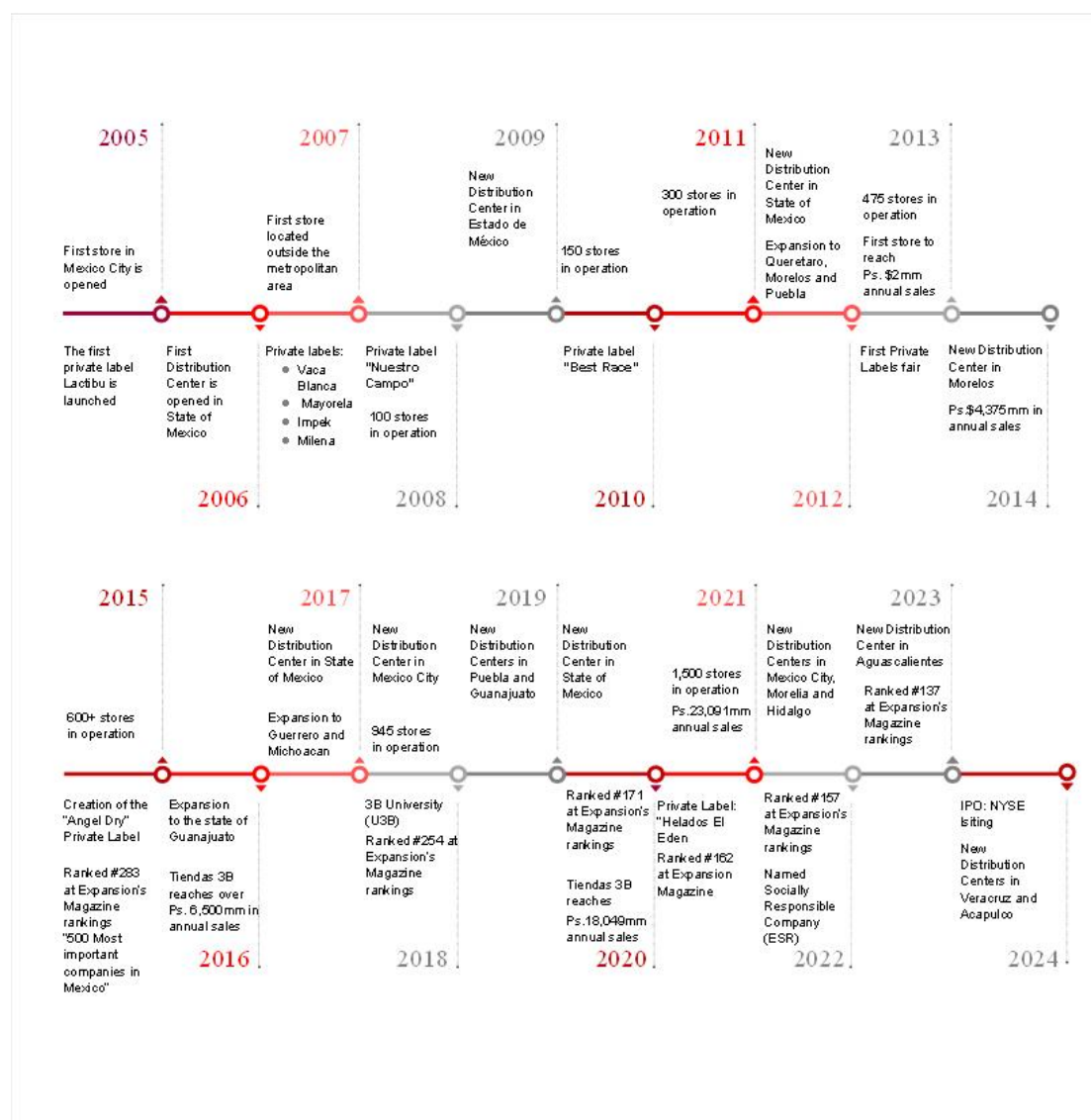
Our sales growth is attributable to both our store footprint expansion as well as Same Store Sales growth from our existing store base. Our Same Store Sales growth has seen consistent double-digit growth over recent years.

Our founder-led management team continues to run the business and has successfully transitioned the company from a startup to Mexico's 137th most important company according to Expansión magazine's ranking of the 500 most important companies in Mexico. The Company was recognized by the Financial Times in 2023 as one of the fastest growing companies in the Americas.

Our belief in building a solid foundation to sustain high growth has led us to invest heavily in human resource development early on, establishing a strong culture, building robust processes, and an enterprise resource planning system capable of sustaining thousands of stores. This investment today has been fully justified as it is what we believe has allowed the company to sustain high growth rates.

Key milestones in our history are shown below.

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In February 2024, the Company became a publicly traded company on the New York Stock Exchange ("NYSE"). Our reports filed with or furnished to the SEC are available, free of charge, on our investor relations website at <https://www.investorstiendas3b.com/> as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains a website at <http://www.sec.gov> that contains reports and other information regarding us and other companies that file materials with the SEC electronically. Following our IPO, we use our investor relations website as a means of disclosing material information. Accordingly, investors should monitor our investor relations website, in addition to following our press releases, SEC filings and public conference calls and webcasts.

B. BUSINESS OVERVIEW

Overview

We are pioneers and leaders of the grocery hard discount model in Mexico and one of the fastest growing retailers in the country as measured by our sales and store growth rates. The 3B name, which references “Bueno, Bonito y Barato” – a Mexican saying which translates to “Good, Nice and Affordable” – summarizes our mission of offering irresistible value to budget savvy consumers through great quality products at bargain prices. From 2021 to 2023, our total revenue grew at a compounded annual growth rate (“CAGR”) of 38.2%, reaching Ps.44.1 billion (US\$2.6 billion) for 2023, and our number of stores increased from 1,249 as of January 1, 2021 to 2,288 as of December 31, 2023, which represents a CAGR of 35.3%.

Our business model is simple yet disruptive: we offer a limited assortment of products that cover the daily grocery needs of our clients. We price our products to offer what is generally market-leading value for money: the lowest sustainable price in the market for a given quality. Our stores also offer convenience, since they are generally located within central neighborhoods that allow for daily visits and minimize transportation needs for our customers. Our customers visit us on average three to four times per week to fulfill one or two days of groceries.

The Tiendas 3B product range consists of approximately 800 SKUs of branded, private label and spot products.

Branded products are well known national and international brand label goods that we offer at the lowest sustainable price in the market to attract customers and drive traffic. For 2022 and 2023, branded products represented 51.8% and 47.5% of our sales, respectively.

Private label products are products that we have developed ourselves and which we believe are of comparable or better quality than the equivalent branded alternative offered at our stores. For 2022 and 2023, private label products represented 42.8% and 46.5% of our sales, respectively.

Spot products are quality food and non-food products that we offer in addition to our regularly stocked products. These are offered in limited amounts and offer exceptional value. The selection changes every two weeks on average. For 2022 and 2023, our spot products represented 5.4% and 5.8% of our sales, respectively.

Our stores serve low-to-middle income households. We believe that our business model, which focuses on both value and convenience, allows us to serve our target market better than incumbent competitors and maintain real and sustainable competitive advantages.

Due to our low number of SKUs and focus on serving daily grocery needs, we have been able to achieve a high ratio of sales per SKU and a ratio of 3.0 Payable Days to Inventory Days during 2023. We are also able to benefit from a virtuous cycle, where the ever-increasing scale of our purchases per SKU allows us to negotiate increasingly lower prices with our suppliers and, in turn, we are able to transfer those savings to our customers, therefore increasing customer loyalty and our sales.

The Tiendas 3B business model is highly efficient, allowing us to operate with gross margins that are lower than those of leading grocery retailers in Mexico, based on publicly available information. The strength of our model is underpinned by our limited product assortment, our decentralized organization, and our culture that values efficiency and simplicity. Efficiency translates into savings that can be passed on to our customers.

Our management is decentralized and organized into regions, each run by a regional director, and built around a distribution center that serves approximately 150 stores. Each region has sufficient functional resources to operate autonomously and efficiently. This structure, supported by nimble central headquarters, has enabled us to scale efficiently by allowing us to dynamically select new store locations in a constant pursuit of scale and expansion, while achieving positive gross and operating profit. Additionally, it enables suppliers to reach our decision makers quickly, fostering collaboration and accelerating the development of private label products.

Developing and retaining talent, as well as fostering a strong corporate culture, are key components of our business model and essential to sustaining our rapid growth rates and achieving efficiencies. We anticipate our personnel needs several years in advance and invest significant resources to ensure that we have the right talent at the right time.

We believe that the hard discount segment in Mexico has significant entry barriers for new participants, including: (i) the time and capital it takes to achieve scale and profitability given the inherent low gross margins of a hard discounter; (ii) the knowledge required to find competitive real estate and qualified personnel; (iii) the investment and know-how required to develop a meaningful private label product offering; and (iv) obtaining access to highly qualified senior management and experienced teams.

Our Business Model

Our business model is based on the following pillars:

- **High rotation of products:** By limiting our selection of products, we have been able to achieve a high turnover of sales per SKU, which makes us a relevant buyer of the products we sell, in turn allowing for favorable terms with suppliers.
- **Strong private label offering:** We own 95 different private label brands representing over 422 SKUs, that cover an array of food and non-food products. We outsource the manufacturing of these products to over 100 carefully selected local manufacturers with tested supply reliability and quality controls. We are generally able to offer our private label products at a lower cost than that of the branded products they compete with. Further, our customer satisfaction studies and product analysis indicate that the quality of our private label products is comparable, if not better, than the competing branded products. Our enduring and long-term relationships with our suppliers have created a robust supplier ecosystem that underpins the strength of our private label product offering.
- **Value for money:** By consistently delivering and improving value for money to our customers, including through our private label products, we have earned their trust, increased our wallet share and attracted new customers.
- **Low-cost operations and virtuous cycle of efficiency:** We have built a business model that allows us to generate operating profit while operating at market-leading low gross profit margins, by limiting our SKUs, decentralizing operations, focusing on simplicity, maintaining low capital expenditures per store, having a nimble and agile decision-making process, a horizontal management structure, and promoting a strong culture of efficiency. This allows us to offer and sustain everyday low prices to our customers.
- **Rapid expansion:** In 2023, we averaged a new store opening every 22 hours, which is faster than any other grocery retailer in Mexico. Our operations actively involve our regional personnel in the store opening process, with the goal of locating and securing the most attractive locations for new stores. Further, our low capital expenditure needed per new store which, combined with the attractive cash flow generation capacity of our stores, allows us to achieve attractive store payback periods on average (for these purposes, a payback period is, on a vintage basis, the average number of months it takes an operating store to recover the average investment per store, excluding stores that were permanently or temporarily closed). In addition, our negative working capital dynamics allow us to self-fund these investments. We are systematic in our approach to opening stores, and our recent vintages are showing a faster sales ramp-up and higher profitability vis-à-vis our older vintages for the same comparable period. With an estimated white space for at least 12,000 additional Tiendas 3B stores in Mexico, we are constantly looking to increase our number of stores and expand into new regions.

Our Stores

Our stores have been thoughtfully designed to improve our customer's experience and achieve operational efficiencies.

Standardized Stores that are Efficient and Economical to Operate

Our stores follow a standardized format in terms of layout, size, assortment, and personnel. This facilitates operational efficiency and scalable growth. As of December 31, 2023, the size of our stores ranged from smaller than 300 square meters to larger than 450 square meters, with approximately 61% between 300 square meters and 450 square meters. The uniformity of our stores enables us to streamline inventory management and optimize staffing and operational processes. Each store's exterior façade is painted in our corporate colors (red and green) that contrast with the typical street colors for better visibility and promote our brand. The interior of our stores is well lit, with wide and convenient aisles and reduced shelving height that allows store employees to see the full store, which in turn helps control shrinkage and makes restocking quicker and easier.

We are generally able to negotiate favorable lease terms when we open new stores, since we do not need to be at the premium location of a given target area. Our store locations are selected based on the ease of accessibility for our clients and unloading our trucks for stocking. Our rents are fixed, increase with inflation and on average represent 2.0% of a store's sales.

Convenient Store Locations for our Customers

Depending on the specific characteristics of each location, we tailor our store placements for both urban and non-urban settings. In urban areas, we position our stores in the heart of neighborhoods. This strategic placement aligns with our vision to reduce time and costs for families, making our stores readily accessible for daily needs and enabling frequent visits. In non-urban areas, we seek to be at the confluence of traffic, at major intersections, or in places where the inhabitants of a wider geography come to fulfill their grocery shopping.

Geographical Presence

We opened our first store in Mexico City and have since expanded primarily in the central region of Mexico. As of December 31, 2023, we were present in Mexico City, State of Mexico, Hidalgo, Puebla, Tlaxcala, Morelos, Querétaro, Guanajuato, Michoacán, Guerrero, Veracruz, Aguascalientes, Nayarit, Jalisco, and San Luis Potosí. We believe the concentrated density of our geographic footprint illustrates our operational discipline.

Our real estate efforts are led by seasoned teams with many years of combined experience. Each of our regions has its own real estate team which is familiar with the local market and demand dynamics. The teams follow a standard and disciplined approach to searching, appraising, negotiating, and closing real estate transactions. Each region decides on its new store locations and each regional director approves new stores without the need to get headquarters' approval, to the extent they adhere to our real estate guidelines.

As we open stores in new regions, the number of real estate teams increases and so does our ability to increase the rate of store openings. We will continue to increase the density of stores in the areas in which we currently operate, while seeking to expand and increase our penetration in the near term in neighboring states to those where we operate.

Our geographical presence is shown below:



Standard Store Operations

Our stores are open from 8:00 a.m. to 9:30 p.m., seven days a week, all year round. A typical store is operated by a store manager, two assistant managers, and a team of 6 sales associates on average. The store manager is responsible for managing and developing their team, ordering, restocking, serving and selling to customers, maintaining operating standards, and executing any in-store communication/marketing campaigns. A District Manager manages between six and eight stores and, in turn, reports to a Zone Manager who oversees 40 to 80 stores. The Zone Manager reports to the Regional Director who manages all aspects of his/her region.

All our products are presented in their original boxes, as delivered by our suppliers. The order of the display of products is identical in each store. This convenient layout increases our productivity by reducing the number of hours worked by our employees, as we do not need them to unpack individual packages or create and maintain merchandise displays. Additionally, our use of pallet stocking allows us to restock our products quickly and easily.

Our Products & Suppliers

Types of Products We Carry

Our stores carry the leading brand products in their most popular size, as well as our private label products that we believe are of equivalent or better quality but at a lower price. In addition, we offer spot products: these are quality food and non-food products such as clothing, electronics, household goods and others. We introduce an assortment of approximately 50 spot products every two weeks on average, that offer notably high value for money and higher gross profit margins. They add a treasure hunt factor to our stores. We call them “*Los Irrepetibles*” as they are offered at prices so low that they will not be “repeated” (replenished) once we sell out.

Sourcing of Our Portfolio of Products

Each Tiendas 3B store carries approximately 800 SKUs, as compared to 3,000 SKUs for a convenience store and approximately 10,000 or more SKUs for a conventional supermarket based on analysis of publicly available information. Our high purchasing power develops strong supplier relationships which in turn translates to better payment terms and lower purchasing costs that allow us to maintain our low prices, which in turn boosts sales. Our non-private label products are sourced directly from leading consumer good suppliers in Mexico.

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Our private label products are developed with local manufacturers' partners. These are carefully selected for their ability to provide high-quality products and scale production to meet demand, their efficiency, and their belief in our business model. We seek to build long-term partnerships with transparent pricing, proactively planning future manufacturing capacity and consulting on improved technologies.

In the year ended December 31, 2023, we purchased products from 322 suppliers, with our largest supplier accounting for 3.7% of our total purchases, and the five largest suppliers accounting for 16.8% of our total purchases.

Our private label products are developed and designed largely by our in-house purchasing team, who are fully responsible for all aspects of the product. Our purchasing team is integral to our operations, ensuring that our supply chain is efficient and scales with our growth. The team identifies the required or potential new product, identifies the potential supplier, develops specifications and tests samples, designs the packaging and image, and selects and registers the brand name. Before launching a private label, the team tests it or a proxy product to determine price elasticity and fine tune the design for maximum sales and performance. To launch a product, a marketing and communication campaign is prepared targeting both our clients and our store teams. The purchasing team is tasked with developing enduring partnerships with our private label product suppliers in order to ensure supply chain synchronization, quality consistency and costs efficiencies.

Pricing

Our pricing policy is designed to attract new customers and retain existing ones. We endeavor to sell our products at the lowest possible prices. We minimize our operating costs throughout all aspects of the value chain, from site selection, store layout, merchandise selection, purchasing, staffing, distribution, and management. These savings are passed on to our customers by reducing the price of our products.

In order to ensure that our pricing remains competitive, we regularly monitor our competitors' prices based on an index we have established for our top 100 SKUs by sales. We compare prices on average once every two weeks. We leverage our private label offering to offer tremendous value for money, typically pricing our products below the price of branded label alternatives in our competitor's stores on a unit basis.

We aim to keep our prices as stable as possible. We react rapidly to price changes by our competitors when warranted but we usually do not respond to short-term offers. We also endeavor to be the last retailer in the market to increase prices based on an increase in the cost of raw materials and the first retailer in the market to decrease prices based on a decrease in the cost of raw materials. Our goal is to gain customer trust and loyalty, especially from value-oriented customers.

We adopt a standard price (based on the pricing of our competition and our analysis of price elasticity for each product we sell) for all our stores. When required we will create a special price list to deal with a specific regional requirement to remain the competitive option for our clients.

Quality Control

Quality control is key to building trust in our private label products and cementing our reputation. We conduct regular laboratory tests to check that contracted specifications are met, relying on well-regarded laboratories in Mexico, such as Cencon and Biofleming. We audit the manufacturing facilities of our suppliers on a regular basis.

We perform quality checks of our products when they arrive at our distribution centers and randomly select samples for further laboratory testing. We also keep samples of every lot received in case we need to investigate a quality-related issue or to send a product to test if it complies with the contracted quality standards.

Our Customers

Our customer base is largely composed of smart value shoppers—aligned with our slogan "*tu despensa inteligente*" or "your smart pantry choice." We serve the low-to middle socioeconomic segments in Mexico, specifically those in the second to ninth income deciles. However, our broader target increasingly encompasses

value shoppers across all income brackets. We define our typical customer as anyone who buys groceries, primarily focusing on those looking for value for money, a convenient and pleasant shopping experience, and minimizing transportation costs.

Approximately 85.0% of our customers are women, primarily between the ages of 30 and 60. The majority are homemakers (46.0%), followed by employed individuals (28.0%) and small merchants or shopkeepers (15.0%). New customers initially buy in our stores because of the competitive pricing of our branded and spot products. Over time, however, as they become more familiar with our offering, customers begin to try our private label products, which eventually become their preferred choice for their mix of value and quality.

The shopping experience is typically localized, as most customers live within a 10-street (800-meter) radius of their favored store. They visit our stores three to four times a week, purchasing enough for a maximum of two days. For items we currently do not offer, like fresh fruits and vegetables, they complete their shopping needs within the neighborhood.

Sales and Marketing

We price our products at the lowest sustainable price and for simplicity maintain standard price lists across all our stores. Our products do not go on sale and any promotional activity does not involve changes in prices. The one exception being the end-of-life products that get heavily discounted.

We have a no-questions-asked no-receipt needed money-back return policy. To instill customer confidence in our product offering, we allow customers to return any product if they are dissatisfied with it, with no questions asked and without requiring a receipt. This marketing strategy allows customers to test our private label products and break ingrained consumption patterns associated with very traditional brands.

We do not engage in material levels of advertising. We prefer to invest in offering the lowest price possible for our customers. Our marketing strategy is low-cost and efficient, consisting mostly of in-store advertising using our radio channel and displaying posters with impactful messages. We selectively use flyers for new store openings and to promote seasonal products. We conduct activation campaigns where for two weeks we display a given private label product at the end of the check-out counter (without any additional discount). Our preference remains to skip initiatives that add costs and instead focus on lower prices to drive customer loyalty. Word of mouth remains our most potent marketing tool.

Seasonality

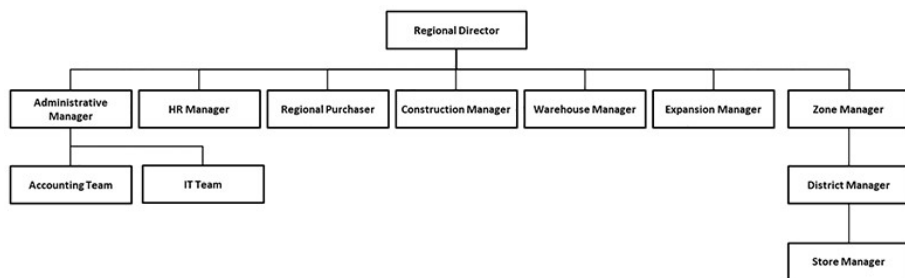
Since our products mostly consist of food staples, our sales are not generally affected by seasonality. Variations in our performance from quarter to quarter are generally a consequence of store openings and holidays. Therefore, the results for a given quarter may not be indicative of results expected for the entire year.

Logistics

Consistent with our efficiency focused operational ethos, we have built efficient distribution and fulfillment capabilities. Our decentralized organization is built around autonomous regions. Each region has a distribution center and its own truck fleet that serves its stores, as described in “Item 4. Information on the Company—D. Property, plants and equipment.” This decentralization reduces complexity and therefore costs, including logistics costs.

Operations and Decision-Making

We have a decentralized and lean organizational structure built around autonomous regions, each led by a Regional Director. Each region consists of approximately 150 stores and a distribution center. A region has all the functional areas it needs to operate autonomously. These include human resources, real estate, logistics, IT and regional purchasing and accounting. All regions are similarly sized, organized and operated.



Sales and Operations

Each region typically has two Zone Managers, each of whom is responsible for 40 to 80 stores. The Zone Manager reports directly to the Regional Director on all matters related to store operations and sales. A Zone Manager is responsible for ensuring the efficient operations of stores and for their maintenance and must visit each of their stores at least once every two months. Each Zone Manager oversees six to 10 District Managers. A District Manager ensures that the stores' operations are conducted in compliance with our procedures and rules. They are responsible for visiting each store at least twice a week and monitoring competition and general market conditions, controlling inventories and ordering procedures, and recruiting new store employees.

Logistics

A Distribution Center manager reports directly to the Regional Director and oversees all logistics and fulfillment matters. Their direct reports consist of the heads of receiving, picking, and dispatching and they are responsible for maintaining an efficient and disciplined logistics operation.

Human Resources

Our regional human resources teams are responsible for recruiting, training, and developing all personnel their region. They monitor and enforce adherence to centrally set human performance indicators, such as turnover rates and specific development tracks for roles like Store Manager, District Manager, Zone Manager and Regional Director. Additionally, they manage the annual training plans and warehouse development programs. When a labor-related issue arises the team actively manages it. The team also assess workplace quality and metrics. Their role is pivotal in maintaining a balanced and effective workforce aligned with our culture and corporate objectives.

Real Estate

Our regional real estate team is tasked with securing and opening new stores. A significant part of their role is the negotiation of lease terms and ensuring compliance with our unit economic targets for each potential opening site. By maintaining a database of potential locations and competitor insights, they enable data-driven decision-making. The team maintains an open line of communication with district and zone managers, allowing real-time market analysis that informs our broader expansion strategy.

Administration and Accounting

Our regional administration and accounting teams primarily focus on operational finances. The team collaborates closely with Zone and District Managers to manage budgets and ensure operational efficiency. They track store-level financial performance indicators such as capital expenditures. They assist in the planning and execution of initiatives like inventory control, labor costs, and expense management. Cash flow and basic accounting tasks are managed to ensure the region's financial health. Their work acts as the financial backbone for the region, aiding in tactical decision-making while aligning with the company's broader objectives.

Purchasing

The regional purchasing team is responsible for executing purchase orders based on demand forecasts and supplier lead times, as well as for maintaining optimum inventory levels in the region. To meet regional tastes, they manage a portfolio of up to 10 regional SKUs, and are responsible for negotiating, purchasing, and managing these products. The team actively participates in bi-weekly and monthly operational meetings to address concerns and propose improvements. Their activities are integral to ensuring smooth and cost-efficient operations.

IT Support

The regional IT Support team ensures the seamless operation of information and communication systems by resolving technical issues and incidents in computing equipment. The team performs remote and on-site troubleshooting. They also execute preventive maintenance and are in charge of any regional special projects.

Our Regional Directors meet with the members of our Operation Committee every quarter. At these meetings, the Regional Managers discuss issues affecting their regions and make decisions that will be applied across the company.

Our Headquarters

Our central office (headquarters) is located in Mexico City and is home to our Chief Executive Officer, Chief Financial Officer and Investor Relations Officer, Director of Sales and Operations, Director of Purchasing, Director of Human Resources, Director of Information Technology and Director of Real Estate.



Our headquarters is also home to our Product and Pricing Committee, our Operation Committee, our Central Purchasing Department, our Finance and Administration Department, our Central Human Resources Department, and our Information Technology Department.

Our Central Purchasing Department is responsible for all decisions relating to our suppliers and purchasing prices. Our finance and administration department is responsible for financial reporting, treasury, taxes and budgeting. Our Information Technology department is responsible for ensuring the smooth and uninterrupted operations of all our systems as well as the development of all our future technology-driven capabilities. Our human resources department coordinates recruitment for our headquarters and managers and above levels in regions; they also shape culture and training efforts across the organization. Our real estate department oversees openings and

negotiation of stores across the region, defines annual goals for new locations, and identifies and negotiates locations for distribution centers.

Committees

Our Product and Pricing Committee consists of our Director of Purchasing, our Director of Sales and Operations and our Chief Executive Officer. This committee discusses and makes decisions on all matters related to introducing new products, phasing out existing products, testing products, quality control issues and changing prices. It is also responsible of approving overall promotions and advertisements.

Our Operation Committee is responsible for overseeing our operations, as well as general company strategy. It is chaired by our Chief Executive Officer and includes our Chief Financial Officer and Investor Relations Officer, our Director of Sales and Operations and our Director of Human Resources.

Regulatory Considerations

Our business and operations are subject to various laws and regulations as well as local governmental authorizations to open and operate our stores. Our subsidiaries' operations are primarily governed by the Mexican Corporations Law and associated provisions, while real estate property leasing activities in Mexico are governed by the Mexican Constitution, state civil codes, and various laws and regulations, which provide a legal framework for the use, operation, and transfer of real estate properties in Mexico, including environmental matters.

We are also subject to the provisions contained in the Mexican Intellectual Property Law (*Ley de Propiedad Industrial*) with respect to the use of our trademarks, and to the Mexican General Health Law (*Ley General de Salud*) and the Mexican Official Standards (*Normas Oficiales Mexicanas*) for the health and safety practices involved in the preparation, distribution and sale of food products. Our failure to comply with any of these laws and norms may result in the imposition of administrative penalties, including fines and the temporary or permanent closure of our facilities. We believe that as of this date we are in substantial compliance with all such laws and norms.

More specifically, we and the various properties we lease and which are used as stores or warehouses are primarily subject to the following Mexican laws and regulations:

- Mexican Constitution;
- Mexican Corporations Law;
- Federal Law on Economic Competition;
- Federal Law for Protection of the Consumer;
- Federal Law for the Protection of Industrial Property;
- Federal Roads, Bridges and Auto Transport Law;
- Civil codes of the states in which our stores and distribution centers are located and in which we operate;
- Civil Protection Law of the states in which our stores are located and in which we operate;
- General Law on Ecological Balance and Environmental Protection, and its implementing regulations;
- General Law for the Prevention and Comprehensive Management of Waste;
- Expropriation Law;

- National Waters Law;
- General Law on National Property;
- Local and municipal environmental, land-use, and zoning regulations, and tax legislation and implementing regulations; and
- Mexican Official Standards (NOMs), including with respect to food packaging and labeling.

Local Laws and Regulations

Our stores are subject to various local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions and other restrictions imposed by local authorities or private community organizations may restrict the use of our properties and may require us to obtain approval from such bodies at any time with respect to our stores, including prior to developing such properties or when developing or undertaking renovations of our stores. As part of the development process, we are required to obtain the applicable land use certificates, construction permits, operating licenses and fire and safety approvals from the Civil Protection Office (*Oficina de Protección Civil*).

Expropriation

None of our stores have been expropriated to date. However, under the Expropriation Law, the government has the power to expropriate or temporarily occupy in whole or in part any land or real estate property inside Mexican territory. Expropriation may be carried out in the public interest or for national security reasons. In the event of expropriation, the owner is to be paid compensation, we as tenants would not have the right to directly receive any compensation if the land where a store is located is expropriated. If there is disagreement as to the amount payable as compensation, a judicial authority may be asked to determine such amount. There is no clear definition as to when a compensation payment for the expropriation of any of the properties would be made or as to the payment amount the owner or we as tenants would receive in such event.

Environmental Regulations

As of this date, we do not have environmental certifications of any kind. The construction and operation of our stores and distribution centers may be subject to the Mexican General Law on Ecological Balance and Environmental Protection (*Ley General del Equilibrio Ecológico y la Protección al Ambiente*, or the “Mexican General Environmental Law”) and the related implementing regulations, the General Law for the Prevention and Comprehensive Management of Waste (*Ley General para la Prevención y Gestión Integral de los Residuos*) and the related implementing regulations, the National Waters Law (*Ley de Aguas Nacionales*) and the related implementing regulations, the Regulations for Environmental Protection Against Noise Pollution (*Reglamento para la Protección del Ambiente contra la Contaminación Originada por la Emisión de Ruido*), the General Law for Sustainable Forest Development (*Ley General de Desarrollo Forestal Sustentable*), the General Law on Wildlife (*Ley General de Vida Silvestre*), the General Law on Climate Change (*Ley General de Cambio Climático*), numerous Mexican Official Standards (*Normas Oficiales Mexicanas*), and other federal, state and municipal environmental laws and regulations and agency agreements where our stores and/or facilities are located or could be developed (collectively, “Environmental Laws”).

The Mexican General Environmental Law generally sets forth the legal framework applicable to the environmental impact procedure as well as the release of contaminants into the environment. The regulations that have been issued pursuant to this law affect ecological planning, risk assessment and environmental impact, air pollution, protected natural areas, protection of flora and fauna, preservation and prudent use of natural resources and soil pollution, among others. Additionally, the Mexican General Law for the Prevention and Comprehensive Management of Waste regulates the generation and handling of hazardous waste and materials as well as the release of contaminants into the environment.

Non-compliance with the Environmental Laws may result in the imposition of administrative fines or sanctions, remedial actions, revocations of authorizations, licenses, or permits, administrative arrests, temporary or permanent closure of facilities, or imprisonment, when environmental violations are classified as criminal offenses.

In our process of developing stores and distribution centers, our approach is to adhere to an environmental management system and certain environmental guidelines. This does not mean that we have specific environmental policies or certificates, recognitions, or programs for environmental and natural resource protection, defense, or restoration. While we cannot assure you that in all cases, we are and will be in full compliance with all laws, we believe that the stores and distribution centers that we develop: (i) do not represent a significant environmental risk, (ii) have all relevant material permits and authorizations, and (iii) comply with all applicable Environmental Laws.

Compliance and Controls

We are fully committed to maintaining strong compliance and controls for financial reporting, as evidenced by the measures currently being implemented. The Company recognizes the significance of accurate and reliable financial information in building investor trust. To establish a robust internal control framework, the Company is conducting a comprehensive assessment of potential risks and documenting them meticulously. Key control activities are being designed and implemented to mitigate these risks and ensure the integrity of financial reporting. In addition, information and communication channels are being strengthened to promote timely and accurate reporting. The Company's proactive approach to compliance and controls underscores its commitment to upholding high standards of transparency and adherence to relevant laws and regulatory requirements.

Legal and Administrative Proceedings

From time to time, we are or may become involved in disputes that arise in the ordinary course of our business. Any claims against us, whether meritorious or not, can be time-consuming, result in costly litigation, require significant management time and result in the diversion of significant operational resources. We are subject to several legal proceedings, including civil and labor claims, which we generally believe are common and incidental to business operations in Mexico.

We record provisions, if any, based on our external and in-house counsel's assessment of the likelihood of loss as well as the history of similar and related proceedings. Our financial statements reflect the provisions for legal proceedings in accordance with accounting rules when our external counsel advises that (i) an outflow of resources is probable to settle the obligation and (ii) a reliable estimate can be made of the amount of the obligation. Our provisions for probable losses arising from legal proceedings are estimated and periodically adjusted by management after consideration of the opinions of our external counsel.

As of December 31, 2023, we had not recorded any provisions in connection with legal proceedings based on probable loss. However, legal proceedings are inherently unpredictable and subject to significant uncertainties. If one or more cases result in a judgment against us in any reporting period for amounts that exceed our management's expectations, the impact on our operating results or financial condition for that reporting period could be material. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Our operations are subject to the general risks of litigation."

Intellectual Property

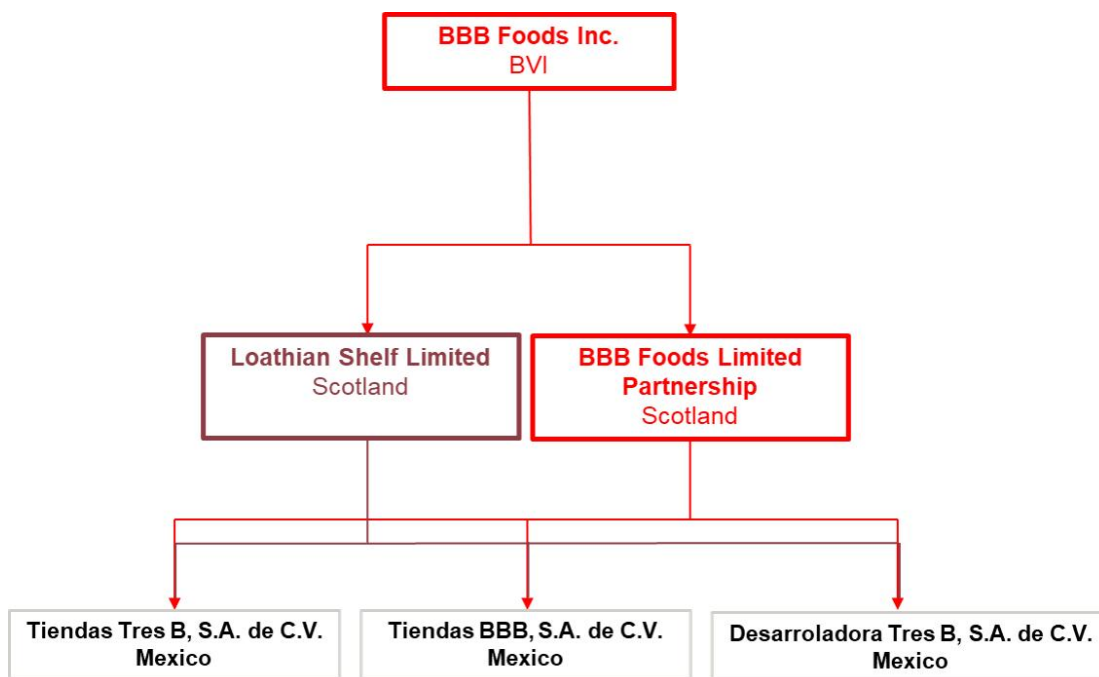
Our most important brands, slogans and logos are protected by trademarks in Mexico through registration with the Mexican Industrial Property Institute (*Instituto Mexicano de la Propiedad Industrial*). Protection of a trademark in Mexico continues for as long as the brand is registered and used. As of December 31, 2023, we had approximately 1,391 owned brand files and registries in Mexico. In addition, within Mexico our licensors register their own brands granting us the right to use them within the territory.

C. ORGANIZATIONAL STRUCTURE

The Company is a holding company incorporated in the British Virgin Islands. The Company has no material operations of its own and substantially all of its operations are conducted through the Company's Mexican subsidiaries. Holders of Class A common shares own equity interests in the British Virgin Islands holding company, and not in such Mexican subsidiaries. We indirectly hold 100% equity interests in our Mexican subsidiaries.

The following chart and the information set forth in the following paragraph presents our corporate structure, including our principal shareholder and principal subsidiaries.

Bolton Partners Ltd., our principal shareholder, owns approximately 46.4% of the combined voting power of our outstanding common shares, and therefore has significant influence over matters requiring shareholder approval. However, the foregoing does not include Class C common shares that will be held by our principal shareholder and our directors and officers in respect of both unvested and vested (but currently unexercisable) stock options or delayed-delivery awards under the Liquidity Event Bonus Plan and the Founder Liquidity Bonus, as applicable. Taking into account such Class C common shares which our principal shareholder, directors and officers will be entitled to receive at later dates, and assuming net settlement at their respective strike prices, our principal shareholder beneficially owns approximately 45.0% of the combined voting power of our outstanding common shares. See "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders."



D. PROPERTY, PLANTS AND EQUIPMENT

Properties

As of December 31, 2023, we only owned one property used in our operations. Our remaining 2,287 stores and office space is leased from a wide array of landlords. No landlord represents more than 5.0% of our lease expense. We believe that having a diffuse landlord base allows us to achieve better commercial lease terms. Each of our lease follows a standard form of Mexican law governed agreement, which includes a 10-year term with an automatic 10-year renewal and may be terminated at will by us. To minimize our initial store expenditures, we

typically only advance two months of rent and give one month of rent as a security deposit. In some jurisdictions, the local civil code additionally requires that the landlord grant us a right of first refusal in the event they decide to sell the relevant property to a third party.

Distribution Centers

We believe we are highly efficient with our logistics and distributions infrastructure without sacrificing service and speed. As of December 31, 2023, we operated 14 distribution centers. Each serves approximately 150 stores, with a capacity to stretch to serve 200 stores, within a 150-kilometer radius, within a capacity to stretch up to a 200-kilometer radius. When the number of total stores served by any given distribution center approaches the 150-store mark, we proceed to open a new distribution center nearby and redistribute the stores to optimize distances and routing.

A typical distribution center is 12,000 square meters, with additional space for a maneuvering yard. Each distribution center carries the vast majority of the SKUs we sell, including refrigerated items. Frozen items, a relatively new category, are being rolled out to all our stores gradually as we build frozen refrigeration in our distribution centers.

Our distribution centers are designed to be efficient and reduce the amount of man hours required to move our products. We make use of cross-docking, whenever possible, use an ABC layout, which allocates space depending on inventory turnover, and favor floor storage instead of racks, as it is more efficient for fast-moving SKUs.

The main operations and process of our distribution center consist of:

Receiving

After placing an order with our suppliers, a receiving appointment is made, with a receiving dock reserved, and a receiving team programmed to unload the order when it arrives. The process is designed to take up the least amount of time possible from the moment our supplier arrives at the distribution center to the moment it leaves.

Picking

Store orders are processed overnight and ready to pick up in the morning. Pickers receive their “pick lists” on their mobile devices, which tell them what to pick. Once an item is picked up, the order is updated and confirmed on the mobile device. This system, tailor-made to support our process, allows for accurate and quick picking. In addition, we incentivize efficient picking by giving picking speed and accuracy bonuses to our pickers.

Store fulfillment

Once the order of a store has been picked, it is checked and palletized ready to be loaded in the truck that will deliver the order to the store that same day.

The proximity of our distribution centers to our stores allows for optimal re-stocking frequency and route planning. Store restocking frequency is dynamic and ranges from twice a week to daily and depends on sales volumes. We fulfill store orders one day after an order is placed. A single truck can visit up to four stores per day.

As of December 31, 2023, we operated a fleet of 336 same-model trucks and 785 utility vehicles for our District Managers, Zone Managers and other personnel. Standardization simplifies truck management and operations thus reducing costs. For security and for key performance indicator management, we monitor our fleet through real-time geographic positioning, live video, and dual-way audio.

A fundamental part of our logistics operation is our drivers. We provide a comprehensive 385-hour training program where the operator is taught skills covering mechanics, driver education, regulations, and service culture.

As of December 31, 2023, our academy had become compulsory for all our drivers to ensure better logistics efficiency, timeliness and safety.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This section contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements for several reasons, including those described under “Special Note Regarding Forward-Looking Statements” and “Item 3. Key Information-D. Risk Factors” and other issues discussed herein.

The following analysis and discussion of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, together with the notes thereto, in each case included elsewhere in this annual report, as well as the information set forth under “Presentation of Financial and Other Information.” Our consolidated financial statements are presented in thousands of Mexican pesos, except as otherwise specified.

A. OPERATING RESULTS

Overview

We are pioneers and leaders of the grocery hard discount model in Mexico and one of the fastest growing retailers in the country as measured by our sales and store growth rates. From 2021 to 2023, our total revenue grew at a CAGR of 38.2%, reaching Ps.44.1 billion (US\$2.6 billion) for 2023, and our number of stores increased from 1,249 as of January 1, 2021 to 2,288 as of year-end 2023, which represents a CAGR of 22.4%.

Our business model is simple yet disruptive: we offer a limited assortment of products that cover the daily grocery needs of our clients. We price our products to offer what is generally market-leading value for money: the lowest sustainable price in the market for a given quality. Our stores also offer convenience, since they are generally located within central neighborhoods that allow for daily visits and minimize transportation needs for our customers. Our customers visit us on average three to four times per week to fulfill one or two days of groceries.

The Tiendas 3B product range consists of approximately 800 SKUs of branded, private label and spot products.

- Branded products are well known national and international brand label goods that we offer at the lowest sustainable price in the market to attract customers and drive traffic. For 2022 and 2023, branded products represented 51.8% and 47.5% of our sales, respectively.
- Private label products are products that we have developed ourselves and which we believe are of comparable or better quality than the equivalent branded alternative offered at our stores. For 2022 and 2023, private label products represented 42.8% and 46.5% of our sales, respectively.
- Spot products are quality food and non-food products that we offer in addition to our regularly stocked products. These are offered in limited amounts and offer exceptional value. The selection changes every two weeks on average. For 2022 and 2023, our spot products represented 5.4% and 5.8% of our sales, respectively.

This discussion, which presents our results for the years ended December 31, 2023, 2022 and 2021, should be read in conjunction with our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, together with the notes thereto, in each case included elsewhere in this annual report. We intend for this discussion to provide the reader with information that will assist in

understanding our financial statements, the changes in certain key items in those financial statements from period to period and the primary factors that accounted for those changes. We also discuss certain performance metrics that management uses to assess our performance.

Initial Public Offering and Public Company Cost

We completed our IPO on February 13, 2024, and our Class A common shares are publicly traded on the New York Stock Exchange. In our IPO, the Company issued 28,050,491 Class A common shares at an initial public offering price of US\$17.50 per share, and received net proceeds of US\$459.0 million therefrom, after deducting underwriting discounts and commissions, and certain of its shareholders sold an additional 5,610,098 Class A common shares at the initial public offering price. In addition, certain shareholders subsequently sold an additional 5,049,088 Class A common shares at the public offering price pursuant to the exercise of the underwriters' over-allotment option. The Company did not receive any proceeds from the sale of Class A common shares by its shareholders.

We used the net proceeds of our IPO for the repayment of all amounts outstanding under the Promissory Notes and the Convertible Notes, and we intend to use the remainder of the net proceeds from our IPO for the repayment of other indebtedness and for general corporate purposes.

As a result of our becoming a public company, we need to comply with new laws, regulations and requirements that we did not need to comply with as a private company, including provisions of the Sarbanes-Oxley Act, other applicable SEC regulations and the requirements of the New York Stock Exchange. We incurred significant administrative and other expenses in connection with our IPO and, in addition, compliance with the requirements of being a public company will increase our administrative expenses in order to pay our employees, legal counsel and accounting advisors to assist us in, among other things, instituting and monitoring a more comprehensive compliance and board governance function, establishing and maintaining internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act and commencing the preparation and distribution of periodic public reports to our investors and in compliance with our obligations under the federal securities laws. In addition, we obtained directors' and officers' liability insurance appropriate for a public company, which is more expensive than such insurance for a non-public company.

Components of Our Results of Operations

The following is a summary of the principal line items comprising consolidated statements of profit or loss.

Revenue from Sales of Merchandise

Revenue from sales of merchandise represents the sale of products to customers net of returns made by customers. Additionally, revenue from sales of merchandise includes net revenues earned from service fees and commissions collected from clients that make payments to third parties at our stores such as cell-phone providers and utilities.

Sales of Recyclables

Sales of recyclables includes sales of ancillary materials used in our day-to-day operations, such as cardboard and stretch film, net of costs of delivery of these products based on established contractual terms and conditions.

Cost of Sales

Cost of sales represents the cost of merchandise that is sold at our stores including logistics costs incurred in bringing each product to the final point of sale and warehousing costs, as well as depreciation of properties, furniture, equipment and leasehold improvements, right-of-use assets and shrinkage.

Gross Profit

Gross profit is equal to revenue from sales of merchandise and sales of recyclables net of cost of sales.

Sales Expenses

Sales expenses generally consist of expenses relating to our stores and the operation of our stores, including wages and salaries of store employees, depreciation of properties, furniture, equipment and lease-hold improvements and right-of-use assets, amortization of intangible assets, energy expenses, social security contributions relating to store employees, maintenance and conservation expenses and cash-in-transit services.

Administrative Expenses

Administrative expenses generally consist of expenses relating to headquarters, regional offices and the back office, including wages and salaries of administrative employees, depreciation, and amortization, energy, social security contributions of administrative employees, payments relating to options granted under our share-based compensation plan, administrative services, advertising expenses, corporate services, maintenance and conservation expenses and professional fees.

Other Income—Net

Other income includes a variety of income streams, including from non-recurring sources, such as dispositions of assets, subleases and royalties.

Operating Profit

Operating profit is equal to gross profit net of sales expenses, administrative expenses, plus other income—net.

Financial Income

Financial income is comprised of interest generated on accounts or investments held by us.

Financial Costs

Financial costs are comprised principally of interest on lease liabilities, promissory notes, convertible notes and the financing of transportation and store equipment, including through a reverse factoring arrangement we have entered into with Santander.

Exchange Rate Fluctuation

Foreign currency transactions are translated to the functional currency using the exchange rates in effect on the transactions dates. Gains and losses on exchange fluctuations resulting from such transactions and for conversion at the exchange rates at the end of the year of monetary assets and liabilities denominated in foreign currency are recognized as exchange rate fluctuation gain or loss. Exchange rate fluctuations are primarily driven by changes in the carrying value of amounts payable under the Promissory Notes and the Convertible Notes, which were payable at maturity in U.S. dollars, but were repaid in full with the proceeds of our IPO.

Historical Results of Operations

For the Year Ended December 31, 2023 compared to the Year Ended December 31, 2022

	For the year ended December 31,		Variation (%)
	2023	2022	
	<i>(thousands of Ps.)</i>		
Revenue from sales of merchandise	Ps. 43,987,803	Ps. 32,472,577	35.5%
Sales of recyclables	90,656	107,820	(15.9)%
Total revenue	44,078,459	32,580,397	35.3%
Cost of sales	(37,038,542)	(27,655,643)	33.9%
Gross profit	7,039,917	4,924,754	42.9%
Sales expenses	(4,822,912)	(3,460,840)	39.4%
Administrative expenses	(1,386,929)	(952,090)	45.7%
Other (expense) income – net	(36,213)	8,445	(528.8)%
Operating profit	793,863	520,269	52.6%
Financial income	26,069	19,840	31.4%
Financial costs	(1,527,107)	(1,168,786)	30.7%
Exchange rate fluctuation	606,270	264,930	128.8%
Financial costs – net	(894,768)	(884,016)	1.2%
Loss before income tax	(100,905)	(363,747)	(72.3)%
Income tax expense	(205,248)	(201,363)	1.9%
Net loss for the period	Ps. (306,153)	(565,110)	(45.8)%

Revenue from Sales of Merchandise

Revenue from sales of merchandise increased 35.5% to Ps.43,987,803 thousand for the year ended December 31, 2023 from Ps.32,472,577 thousand for the year ended December 31, 2022. Of the total increase in revenue from sales of merchandise, 18.9% was attributable to sales from 396 net new stores opened in 2023, while 57.2% of the increase was attributable to increases in sales volume and 23.9% of the increase was attributable to higher prices due to inflation and shifts in the product mix. Same Store Sales for the year ended December 31, 2023 increased 17.6%.

Sales of Recyclables

Sales of recyclables decreased 15.9% to Ps.90,656 thousand for the year ended December 31, 2023 from Ps.107,820 thousand for the year ended December 31, 2022. The decrease was mainly driven by a decrease in the cardboard price per ton, offset by an increase in higher sales.

Cost of Sales

Cost of sales increased 33.9% to Ps.37,038,542 thousand for the year ended December 31, 2023 from Ps.27,655,643 thousand for the year ended December 31, 2022. The increase was attributable mainly to an increase in sales in existing stores and new stores and was proportional to the increase in revenue from sales of merchandise. However, this increase was partially offset by better negotiations with suppliers resulting in a lower increase relative to the growth of revenue from sales of merchandise growth in the year ended December 31, 2022. Our cost of sales as a percentage of total revenue was 84.0% and 84.9% for the years ended December 31, 2023 and 2022, respectively.

Gross Profit

Gross profit increased 42.9% to Ps.7,039,917 thousand for the year ended December 31, 2023 from Ps.4,924,754 thousand for the year ended December 31, 2022, and our gross profit margin, calculated as gross profit as a percentage of total revenue, was 16.0% and 15.1% for the years ended December 31, 2023 and 2022, respectively.

Sales Expenses

Sales expenses increased 39.4% to Ps.4,822,912 thousand for the year ended December 31, 2023 from Ps.3,460,840 thousand for the year ended December 31, 2022. Our sales expenses as a percentage of total revenue, were 10.9% and 10.6% for the years ended December 31, 2023 and 2022, respectively. The increase in sales expenses was driven by the increase in the number of stores, as headcount expanded to operate new stores, plus the impact of wage inflation on labor costs.

Administrative Expenses

Administrative expenses increased 45.7% to Ps.1,386,929 thousand for the year ended December 31, 2023 from Ps.952,090 thousand for the year ended December 31, 2022. Our administrative expenses, as a percentage of total revenue, were 3.1% and 2.9% for the years ended December 31, 2023 and 2022, respectively. The increase in administrative expenses was principally due to option (i) grants under our share-based compensation plan, (ii) expenses incurred to meet our public company obligations, (iii) expenses related to expansion of operations to new regions during the year ended December 31, 2023 and (iv) other non-recurring expenses, principally relating to our IPO. We estimate that the increase in the volume of our operations will tend to stabilize certain administrative expenses such as those relating to IT systems, key executive personnel expenses and personnel expenses for roles such as category managers, IT and finance. Expenses recognized in respect of grants under our share-based compensation plan during the years ended December 31, 2023 and 2022 were Ps.384,566 thousand and Ps.303,789 thousand, respectively.

Other (Expense) Income —Net

Other (expense) income – net amounted to a net expense of Ps.36,213 thousand for the year ended December 31, 2023 as compared to net income of Ps.8,445 thousand for the year ended December 31, 2022. The increase in the net expense was mainly due to property damage caused by Hurricane Otis which resulted in an impairment loss.

Operating Profit

For the reasons described above, operating profit increased 52.6% to Ps.793,863 thousand for the year ended December 31, 2023 from Ps.520,269 thousand for the year ended December 31, 2022. Our operating profit, as a percentage of total revenue, were 1.8% and 1.6% for the years ended December 31, 2023 and 2022, respectively.

Financial Income

Financial income increased 31.4% to Ps.26,069 thousand for the year ended December 31, 2023 from Ps.19,840 thousand for the year ended December 31, 2022. The increase was primarily attributable to a higher interest gain on short-term investments and an increase in the gain on commissions from supplier finance arrangement.

Financial Costs

Financial costs increased 30.7% to Ps.1,527,107 thousand for the year ended December 31, 2023 from Ps.1,168,786 thousand for the year ended December 31, 2022. This increase was primarily driven by Ps.619,779 thousand and Ps.615,592 thousand in accrued interest on the Promissory Notes and Convertible Notes (which were repaid in full with the proceeds of our IPO) during the year ended December 31, 2023 and 2022, respectively, as

well as the increased interest expense generated by increased lease liabilities, due to new lease agreements for our expanding store base of Ps.762,872 thousand and Ps.507,875 thousand, during the year ended December 31, 2023 and 2022, respectively.

Exchange Rate Fluctuation

Exchange rate fluctuation was a gain of Ps.606,270 thousand for the year ended December 31, 2023 as compared to a gain of Ps.264,930 thousand for the year ended December 31, 2022. This change was driven by the significant appreciation of the Mexican peso against the U.S. dollar during the year ended December 31, 2023, which, in turn, impacted the carrying value of the Promissory Notes and the Convertible Notes, which are denominated in U.S. dollars. See Notes 13 and 14 to our consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 for further information.

Financial Costs—Net

For the reasons described above, financial costs – net increased 1.2% to Ps.894,768 thousand for the year ended December 31, 2023 from Ps.884,016 thousand for the year ended December 31, 2022.

Loss Before Income Tax

For the reasons described above, loss before income tax was Ps.100,905 thousand for the year ended December 31, 2023 as compared to a loss before income tax of Ps.363,747 thousand for the year ended December 31, 2022.

Income Tax Expense

Income tax expense increased 1.9% to Ps.205,248 thousand for the year ended December 31, 2023 from Ps.201,363 thousand for the year ended December 31, 2022. This change was due to an increase in taxable profits in our subsidiaries, on which an increase in the annual income tax expense is expected to be recognized for the full financial year.

Net Loss for the Period

For the reasons described above, net loss was Ps.306,153 thousand for the year ended December 31, 2023 as compared to a net loss of Ps.565,110 thousand for the year ended December 31, 2022.

For the Year Ended December 31, 2022 compared to the Year Ended December 31, 2021

	For the year ended December 31,		Variation (%)
	2022	2021	
	<i>(thousands of Ps.)</i>		
Revenue from sales of merchandise	Ps. 32,472,577	Ps. 23,032,275	41.0 %
Sales of recyclables	107,820	58,906	83.0 %
Total revenue	32,580,397	23,091,181	41.1 %
Cost of sales	(27,655,643)	(19,655,090)	40.7 %
Gross profit	4,924,754	3,436,091	43.3 %
Sales expenses	(3,460,840)	(2,422,688)	42.9 %
Administrative expenses	(952,090)	(623,874)	52.6 %
Other income – net	8,445	4,524	86.7 %
Operating profit	520,269	394,053	32.0 %
Financial income	19,840	7,988	148.4 %
Financial costs	(1,168,786)	(1,004,535)	16.4 %
Exchange rate fluctuation	264,930	(122,368)	(316.5) %

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Financial costs – net	(884,016)	(1,118,915)	(21.0)%
Loss before income tax	(363,747)	(724,862)	(49.8)%
Income tax expense	(201,363)	(91,812)	119.3%
Net loss for the year	Ps. (565,110)	Ps. (816,674)	(30.8)%

Revenue from Sales of Merchandise

Revenue from sales of merchandise increased 41.0% to Ps.32,472,577 thousand for 2022 from Ps.23,032,275 thousand for 2021. Of the total increase in revenue from sales of merchandise, 22.8% was attributable to sales from 392 net new stores in 2022, while 38.9% of the increase was attributable to increases in sales volume and 38.3% of the increase was attributable to higher prices due to inflation and shifts in the product mix. Same Store Sales for 2022 increased 21.9%.

Sales of Recyclables

Sales of recyclables increased 83.0% to Ps.107,820 thousand for 2022 from Ps.58,906 thousand for 2021. The increase was mainly driven by an increase in the sale of ancillary materials mainly Due to an increase of revenue from the sales of merchandise which led to a higher volume of ancillary materials and operational enhancements in the collection of these materials from our stores.

Cost of Sales

Cost of sales increased 40.7% to Ps.27,655,643 thousand for 2022 from Ps.19,655,090 thousand for 2021. The increase was attributable mainly to the increase in sales in existing stores and new stores and was proportional to our increase in revenue from sales of merchandise. However, this increase was partially offset by administrative efficiencies from better negotiations with suppliers and better shrinkage control resulting in a lower increase relative to the growth of revenue from sales of merchandise growth in 2022. Our cost of sales as a percentage of total revenue was 84.9% and 85.1% in 2022 and 2021, respectively.

Gross Profit

Gross profit increased 43.3% to Ps.4,924,754 thousand for 2022 from Ps.3,436,091 thousand for 2021, and our gross profit margin, calculated as gross profit as a percentage of total revenue, was 15.1% and 14.9% in 2022 and 2021, respectively.

Sales Expenses

Sales expenses increased 42.9% to Ps.3,460,840 thousand for 2022 from Ps.2,422,688 thousand for 2021. Our sales expenses as a percentage of total revenue, were approximately flat at 10.6% and 10.5% in 2022 and 2021, respectively. The increase in sales expenses remained proportional to the increase in revenue from sales of merchandise and largely derived from the increase in the number of stores, as headcount expanded to operate new stores, plus the impact of wage inflation on labor costs.

Administrative Expenses

Administrative expenses increased 52.6% to Ps.952,090 thousand for 2022 from Ps.623,874 thousand for 2021. Our administrative expenses, as a percentage of total revenue, were 2.9% and 2.7% in 2022 and 2021, respectively. The increase in administrative expenses was principally due to option grants under our share-based compensation plan, but administrative expenses were otherwise in proportion to the growth in revenue from sales of merchandise from 2021 to 2022. We estimate that the increase in the volume of our operations will tend to stabilize certain administrative expenses such as those relating to IT systems, key executive personnel expenses and personnel expenses for roles such as category managers, IT and finance. Expenses recognized in respect of grants under our share-based compensation plan during 2022 and 2021 were Ps.303,789 thousand and Ps.142,123 thousand, respectively.

Other Income—Net

Other income – net increased 86.7% to an expense of Ps.8,445 thousand for 2022 from an expense of Ps.4,524 thousand for 2021. The increase was mainly driven by non-recurring sales of fixed assets.

Operating Profit

For the reasons described above, operating profit increased 32.0% to Ps.520,269 thousand for 2022 from Ps.394,053 thousand for 2021. Our operating profit, as a percentage of total revenue, was 1.6% in 2022 and 1.7% in 2021.

Financial Income

Financial income increased 148.4% to Ps.19,840 thousand for 2022 from Ps.7,988 thousand for 2021. The increase was primarily attributable to a higher interest gain on short-term investments.

Financial Costs

Financial costs increased 16.4% to Ps.1,168,786 thousand for 2022 from Ps.1,004,535 thousand for 2021. This increase was primarily driven by Ps.615,592 thousand and Ps.537,411 thousand in accrued interest on the Promissory Notes and Convertible Notes (which were repaid in full with the proceeds of our IPO) during 2022 and 2021, respectively, as well as the increased interest expense generated by increased lease liabilities, due to new lease agreements for our expanding store base of Ps.507,875 thousand and Ps.440,678 thousand, during 2022 and 2021, respectively.

Exchange Rate Fluctuation

Exchange rate fluctuation was a gain of Ps.264,930 thousand for 2022 as compared to a loss of Ps.122,368 thousand for 2021. This change was driven by the significant appreciation of the Mexican peso against the U.S. dollar during 2022, which, in turn, impacted the carrying value of the Promissory Notes and the Convertible Notes, which are denominated in U.S. dollars. See Notes 13 and 14 to our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 for further information.

Financial Costs—Net

For the reasons described above, financial costs – net decreased 21.0% to Ps.884,016 thousand for 2022 from Ps.1,118,915 thousand for 2021.

Loss Before Income Tax

For the reasons described above, loss before income tax was Ps.363,747 thousand for 2022 as compared to a loss of Ps.724,862 thousand for 2021.

Income Tax Expense

Income tax expense increased 119.3% to Ps.201,363 thousand for 2022 from Ps.91,812 thousand for 2021. The increase was attributable to higher taxable profits, resulting from the increased revenue from sales of merchandise, an increase in non-deductible expenses and inflationary adjustments to tax profit. For 2022, we had a negative effective tax rate of 55.4%, as compared to a negative effective tax rate of 12.7% for 2021.

Net Loss for the Year

For the reasons described above, net loss was Ps.565,110 thousand for 2022 as compared to a net loss of Ps.816,674 thousand for 2021.

B. LIQUIDITY AND CAPITAL RESOURCES

The following discussion of our liquidity and capital resources is based on the financial information derived from our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, included elsewhere in this annual report.

Overview

Liquidity represents our ability to generate sufficient cash flows from operating activities to meet our obligations as well as our ability to obtain appropriate financing.

As a result of our inventory and account payables management strategy, we generally rely on our positive cash flow dynamics as a source of financing for our operations and expansion. We have historically benefited from our working capital dynamic driven from our favorable payable terms relative to the high rotation of our inventory and minimal receivable balances, as most of our sales from merchandise are received in cash at the time of sale. As a result, we can generate a significant amount of negative working capital from such timing differences. Our negative working capital for 2023, 2022 and 2021 was Ps.4,558,781 thousand, Ps.3,205,200 thousand and Ps.2,121,704 thousand, respectively. As of December 31, 2023 and 2022, our total current assets amounted to Ps.4,393,160 thousand and Ps.3,599,202 thousand, respectively.

We have also used certain amounts of short-term and long-term debt with related parties and third parties to supplement our cash flows. As of December 31, 2023 and 2022, our long-term debt with third parties consisted of Ps.577,318 thousand and Ps.540,734 thousand, respectively. In addition to financing from third parties, we issued several senior and junior U.S. dollar-denominated pay-in-kind Promissory Notes that mature on December 31, 2026, most of which are held by related parties, including some of our shareholders. The aggregate principal amount and accrued interest outstanding on the Promissory Notes was US\$261,057 thousand (Ps.4,410,166 thousand) as of December 31, 2023 and US\$224,387 thousand (Ps.4,344,461 thousand) as of December 31, 2022. We also issued Convertible Notes. The aggregate principal amount and accrued interest outstanding on the Convertible Notes was US\$22,494 thousand (Ps.380,002 thousand) as of December 31, 2023 and US\$19,465 thousand (Ps.376,878 thousand) as of December 31, 2022. See “—Indebtedness” for additional information.

In addition, we have entered into a reverse factoring arrangement with Banco Santander Mexico, S.A. (“Santander”) pursuant to which a participating supplier receives the original invoice amount discounted at an agreed rate, and we pay Santander the original amount of the invoice within 60 days after the supplier collects the invoice from Santander. The aggregate limit of amounts invoiced under this arrangement was Ps.350,000 thousand; however, on December 4, 2023, the Company increased the aggregate limit to Ps.500,000 thousand. Pursuant to the terms of this arrangement, we have created a trust, which is meant to be a source of payment in the case of a payment default, into which cash flows coming from 419 stores in a minimum aggregate amount of Ps.300,000 thousand are deposited and released so long as no payment default occurs. See Note 3.8 to our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 for more information about this arrangement.

On June 2, 2023, we and HSBC Mexico, S.A. (“HSBC”) entered into a reverse factoring transaction (the “HSBC Supplier Finance Agreement”) and a credit facility (the “HSBC Credit Line” and, together with the HSBC Supplier Finance Agreement, the “HSBC Agreement”). The aggregate principal amount financeable under the HSBC Agreement is Ps.450,000 thousand. Pursuant to the terms of the HSBC Supplier Finance Agreement, participating suppliers may discount their invoices with HSBC, and they will receive the original invoice amount discounted at an agreed rate and we will then pay HSBC the original amount by the earlier of: (x) the date HSBC pays the supplier plus the number of credit days originally agreed to with the supplier, and (y) 90 days after the supplier collects the invoice from HSBC. The supplier elects which invoices are entered into the factoring transaction. Once entered, such invoices are novated and the liability of the Company to cover such invoice is extinguished. Invoices that are not discounted with HSBC are payable to the supplier at the original maturity date. There are no commissions or interests payable to HSBC when invoices are discounted, and only an opening commission of Ps.2,250 thousand was paid for entering into the agreement, however, we receive a commission from HSBC for each factoring transaction and we must pay penalties in case of late payment. In addition, under the terms of the HSBC Agreement, the Company must comply with certain covenants, including restrictions on dividends.

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Additionally, pursuant to the terms of the HSBC Agreement, we have created a trust, which is meant to be a source of payment in the case of a payment default, into which Ps.540,000 thousand of cash flows have to be deposited each month and are released so long as no payment default occurs. Drawdowns on the HSBC Credit Facility are payable within 90 days and accrue interest at a rate of TIIE+3.25% and matures within 36 months.

We intend to increase our capital expenditures to support the growth in our business and operations. We believe that our existing cash and cash equivalents and the liquidity provided from other sources of funds (including the proceeds to us from our IPO) will be sufficient to meet our anticipated cash needs for at least the next 12 months, considering our expected organic growth. Our future capital requirements and the adequacy of available funds will depend on many factors, including those described under “Item 3. Key Information–D. Risk Factors.” In addition, the impact of rising interest rates has adversely affected the cost of borrowing, hedging activities and access to capital in general, which could limit our ability to obtain financing or hedges in a timely manner, on acceptable terms or at all.

Cash Flows

The following table sets forth certain consolidated cash flow information for the periods indicated:

	For the Years Ended December 31,		
	2023	2022	2021
		(thousands of Ps.)	
Net cash flows provided by operating activities	Ps. 3,140,349	Ps. 2,116,335	Ps. 1,366,308
Net cash flows used in investing activities	(1,778,789)	(1,111,350)	(524,080)
Net cash flows used in financing activities	(1,095,692)	(1,027,115)	(450,241)
Increase (decrease) in cash and cash equivalents	265,868	(22,130)	391,987
Net foreign exchange difference	(30,373)	7,066	(1,963)
Net increase (decrease) in cash and cash equivalents	Ps. 235,495	Ps. (15,064)	Ps. 390,024

Net Cash Provided by Operating Activities

Net cash provided by operating activities was Ps.3,140,349 thousand, Ps.2,116,335 thousand and Ps.1,366,308 thousand for the years ended December 31, 2023, 2022 and 2021, respectively.

Net cash provided by operating activities for the year ended December 31, 2023 increased by Ps.1,024,014 thousand as compared to the year ended December 31, 2022. This increase was primarily driven by an increase in accounts payable to suppliers, reflecting higher purchasing volumes due to 396 net new stores and higher sales from existing stores. This was partially offset by an increase in inventories primarily due to the same increase in sales volume, and a positive contribution from increased operating profit.

Net cash provided by operating activities for the year ended December 31, 2022 increased by Ps.750,027 thousand as compared to the year ended December 31, 2021, primarily driven by an increase in accounts payable to suppliers and a positive impact of loss before income tax. The foregoing was partially offset by an increase in inventory balance due to the opening of 392 new stores and higher sales, and a positive contribution from increased operating profit.

Net Cash Used in Investing Activities

Net cash used in investing activities generally consists of expenses and capital expenditures to expand our number of stores and distribution centers, investments in our supply chain, including purchase and sale of property and equipment, and maintenance of existing stores. We expect to continue to use cash to make expenditures to open new stores, renovate existing stores and distribution centers, acquire store equipment and transportation equipment and invest in software.

Net cash used in investing activities was Ps.1,778,789 thousand, Ps.1,111,350 thousand and Ps.524,080 thousand for the years ended December 31, 2023, 2022 and 2021, respectively.

Net cash used in investing activities increased by Ps.667,439 thousand for the year ended December 31, 2023 as compared to the year ended December 31, 2022, mainly as we expanded our store count by 396 net new store openings and three new distribution centers, one of which opened during 2023 and the other two opened in the first quarter of 2024, leading to increased purchases of property and equipment and of cold rooms.

Net cash used in investing activities increased by Ps.587,270 thousand for the year ended December 31, 2022 as compared to the year ended December 31, 2021, mainly as we expanded our store count by 392 net new store openings and one new distribution center, leading to increased purchases of property and equipment and of cold rooms.

Net Cash Used in Financing Activities

Net cash used in financing activities generally consists of transactions related to our short-term and long-term debt and financing obligations. Transactions with non-controlling interest shareholders are also classified as cash flows from financing activities.

Net cash used in financing activities was Ps.1,095,692 thousand, Ps.1,027,115 thousand and Ps.450,241 thousand for the years ended December 31, 2023, 2022 and 2021, respectively.

Net cash used in financing activities increased by Ps.68,577 thousand for the year ended December 31, 2023 as compared to the year ended December 31, 2022, mainly driven by an increase of lease payments due to 396 net new store openings and the three new distribution centers, one of which opened during 2023 and the other two opened in the first quarter of 2024, offset by an increase in transactions under our reverse factoring arrangement with Santander.

Net cash used in financing activities increased by Ps.576,874 thousand for the year ended December 31, 2022 as compared to the year ended December 31, 2021, mainly driven by an increase of lease payments due to 392 net new store openings and the opening of three distribution centers, offset by an increase in transactions under our reverse factoring arrangement with Santander.

Capital Expenditures

We make, and expect to continue to make, capital expenditures for store openings, renovation of existing stores and distribution centers, acquisitions of store equipment and transportation equipment, and investments in software.

For the year ended December 31, 2024, we have budgeted capital expenditures of approximately Ps.2,425 thousand, including approximately Ps.1,651 thousand for opening new stores and the remodeling expenses for the reopening of our stores in Acapulco that were damaged by Hurricane Otis on October, 2023 and approximately Ps.104 thousand for opening of new distribution centers, which will be funded through our operating activities.

Our capital expenditures represented 4.1%, 3.4% and 2.3% of our total revenue in 2023, 2022 and 2021, respectively. Capital expenditures for the years ended December 31, 2023, 2022 and 2021 amounted to Ps.1,798,019 thousand, Ps.1,122,877 thousand and Ps.532,173 thousand, respectively.

We expect to fund our capital expenditures program with a combination of cash flows from operations and additional financing. We cannot assure you that we will generate sufficient cash flow from operations, or that we will have access to external financing sources, to adequately fund such or any future capital expenditures.

Indebtedness

Our indebtedness for borrowed money consists of promissory notes and convertible notes which we have incurred to finance our expansion. Additionally, we have historically incurred limited amounts of third-party financing for our operations, which has been limited to supplier financing lines and financial leases of transportation and certain store equipment.

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The table below sets forth selected information regarding our outstanding indebtedness corresponding to the Promissory Notes and the Convertible Notes as of December 31, 2023, 2022 and 2021. We repaid in full all amounts outstanding under the Promissory Notes and the Convertible Notes in February 2024 with the proceeds from our IPO. Variations in the aggregate amount of our indebtedness from period to period are primarily due to either increases in accrued interest payable on the Promissory Notes which, were payable in U.S. dollars, or to the issuance of the Convertible Notes.

	As of December 31,					
	2023		2022		2021	
			(thousands of Ps.)			
Senior Promissory Notes						
Debt – Related parties	Ps.	4,158,458	Ps.	4,098,238	Ps.	3,815,332
Debt – Third parties		20,454		20,158		18,767
Total	Ps.	4,178,912	Ps.	4,118,396	Ps.	3,834,099
2017 Junior Promissory Notes						
Debt – Related parties	Ps.	179,245	Ps.	175,114	Ps.	161,591
Debt – Third parties		34,142		33,355		30,779
Total	Ps.	213,387	Ps.	208,469	Ps.	192,370
2020 Junior Promissory Notes						
Debt – Related parties	Ps.	2,749	Ps.	2,707	Ps.	2,520
Debt – Third parties		15,118		14,890		13,863
Total	Ps.	17,867	Ps.	17,597	Ps.	16,383
Convertible Notes						
Debt – Third parties	Ps.	380,002	Ps.	376,878	Ps.	346,719
Total	Ps.	380,002	Ps.	376,878	Ps.	346,719

Promissory Notes and Convertible Notes

Prior to our IPO, as part of our financing strategy, we incurred indebtedness pursuant to senior and junior U.S. dollar-denominated pay-in-kind promissory notes and pay-in-kind convertible notes, all of which were repaid in full with the proceeds of our IPO. The Promissory Notes and Convertible Notes contained substantially identical covenants, including relating to limitations on disposition of assets, restricted payments and incurrence of indebtedness, and were guaranteed by Tiendas BBB, S.A. de C.V., Tiendas Tres B, S.A. de C.V. and Desarrolladora Tres B, S.A. de C.V. (the “Guarantors”).

Set forth below is a summary of the principal terms of the Promissory Notes and the Convertible Notes:

Senior Promissory Notes. On November 30, 2016, BBB Foods Inc. entered into a Senior Promissory Notes Agreement, pursuant to which BBB Foods Inc. issued U.S. dollar-denominated payment-in-kind promissory notes (the “Senior Promissory Notes”) in the aggregate principal amount of US\$94,747,329 (Ps.1,669,401 thousand) with an original maturity date of November 30, 2022, which was later extended to May 31, 2024 and then to December 31, 2026 by the holders. The Senior Promissory Notes accrued interest at a rate of 14% per annum with a default interest rate of 5% per annum. Interest on the Senior Promissory Notes was added to the outstanding principal amount thereof, such that the outstanding principal amount increased by an amount equal to the accrued interest. As of December 31 31, 2023 and 2022, accrued interest contractually outstanding on the Senior Promissory Notes was US\$152,620,740 (Ps.2,578,298 thousand) and US\$117,963,235 (Ps.2,283,945 thousand), respectively. The aggregate principal amount and all accrued interest on the Senior Promissory Notes was payable on the maturity date. 99.5% of the aggregate principal amount of the Senior Promissory Notes was held by related parties of the Company, including certain of its shareholders, and the remaining 0.5% was held by third parties. The Senior Promissory Notes were guaranteed by the Guarantors pursuant to a guarantee agreement dated November 20, 2020. As consideration for the Senior Promissory Note holders’ agreement to extend the maturity from May 31, 2024 to

December 31, 2026, we agreed to pay an additional US\$4,100,000 to the Senior Promissory Note holders on the date the Senior Promissory Notes were repaid with the proceeds of our IPO.

2017 Junior Promissory Notes. On August 9, 2017, BBB Foods Inc. entered into a Junior Promissory Notes Agreement, pursuant to which BBB Foods Inc. issued U.S. dollar-denominated payment-in-kind promissory notes (the “2017 Junior Promissory Notes”) in the aggregate principal amount of US\$5,000,000 (Ps.88,098 thousand) with an original maturity date of November 30, 2022, which was later extended to May 31, 2024 and then to December 31, 2026 by the holders. The 2017 Junior Promissory Notes were subordinated and junior in right of payment to the Senior Promissory Notes. The 2017 Junior Promissory Notes accrued interest at a rate of 15% per annum with a default interest rate of 5% per annum. Interest on the 2017 Junior Promissory Notes was added to the outstanding principal amount thereof, such that the outstanding principal amount increased by an amount equal to the accrued interest. As of December 31, 2023 and 2022, accrued interest contractually outstanding on the 2017 Junior Promissory Notes was US\$7,631,284 (Ps.128,919 thousand) and US\$5,767,168 (Ps.111,661 thousand), respectively. The aggregate principal amount and all accrued interest on the 2017 Junior Promissory Notes was payable on the maturity date. 84.0% of the aggregate principal amount of the 2017 Junior Promissory Notes was held by related parties of the Company, including certain of its shareholders and the remaining 16.0% was held by third parties. The 2017 Junior Promissory Notes were guaranteed by the Guarantors pursuant to a guarantee agreement dated November 20, 2020. As consideration for the 2017 Junior Promissory Note holders’ agreement to extend the maturity from May 31, 2024 to December 31, 2026, we agreed to pay an additional US\$230,000 to the 2017 Junior Promissory Note holders on the date the 2017 Junior Promissory Notes were repaid with the proceeds of our IPO.

2020 Junior Promissory Notes. On June 30, 2020, BBB Foods Inc. entered into a Junior Promissory Notes Agreement, pursuant to which BBB Foods Inc. issued U.S. dollar-denominated payment-in-kind promissory notes (the “2020 Junior Promissory Notes” and, together with the 2017 Junior Promissory Notes, the “Junior Promissory Notes” and the Junior Promissory Notes, together with the Senior Promissory Notes, the “Promissory Notes”) in an aggregate principal amount of US\$650,000 (Ps.11,453 thousand) with an original maturity date of June 30, 2023, which was later extended to May 31, 2024 and then to December 31, 2026 by the holders. The 2020 Junior Promissory Notes were subordinated and junior in right of payment to the Senior Promissory Notes. The 2020 Junior Promissory Notes accrued interest at a rate of 14% per annum with a default interest rate of 5% per annum. Interest on the 2020 Junior Promissory Notes was added to the outstanding principal amount thereof, such that the outstanding principal amount increased by an amount equal to the accrued interest. As of December 31, 2023 and 2022, accrued interest contractually outstanding on the 2020 Junior Promissory Notes was US\$407,613 (Ps.6,887 thousand) and US\$258,884 (Ps.5,012 thousand). The aggregate principal amount and all accrued interest on the 2020 Junior Promissory Notes was payable on the maturity date. 15.4% of the aggregate principal amount of our 2020 Junior Promissory Notes was held by related parties of the Company, including certain of its shareholders and the remaining 84.6% was held by third parties. The 2020 Junior Promissory Notes were guaranteed by the Guarantors pursuant to a guarantee agreement dated November 20, 2020. As consideration for the 2020 Junior Promissory Note holders’ agreement to extend the maturity from May 31, 2024 to December 31, 2026, we agreed to pay an additional US\$20,000 to the 2020 Junior Promissory Note holders on the date the 2020 Junior Promissory Notes were repaid with the proceeds of our IPO.

Convertible Notes. On November 20, 2020, BBB Foods Inc. entered into a Junior Convertible Promissory Note Agreement with LIV FD, S.A. de C.V., S.O.F.O.M., E.N.R., pursuant to which BBB Foods Inc. issued U.S. dollar-denominated convertible notes in an aggregate principal amount of US\$15,000,000 (the “Convertible Notes”). The Company issued two convertible notes under the facility. The first Convertible Note was issued on November 20, 2020 in an aggregate principal amount of US\$7,500,000. The second Convertible Note was issued on February 3, 2021 in an aggregate principal amount of US\$7,500,000. The Convertible Notes were subordinated and junior in right of payment to the Senior Promissory Notes. The Convertible Notes matured on November 20, 2026 and accrued interest at a rate of 14% per annum compounded quarterly. Interest on the Convertible Notes was added to the outstanding principal amount thereof, such that the outstanding principal amount increased by an amount equal to the accrued interest. The aggregate principal amount and all accrued interest on the Convertible Notes was payable on the maturity date. The Convertible Notes were guaranteed by the Guarantors pursuant to a guarantee agreement dated November 20, 2020. As of December 31, 2023 and 2022, the contractual amounts payable under the Convertible Notes were US\$22,830,216 (Ps.385,682 thousand) and US\$19,857,885 (Ps.384,478 thousand), respectively.

Starting on May 25, 2025, and until the maturity date, the Convertible Notes were convertible into Class A common shares of the Company, at the option of the holder. The number of Class A common shares in which the Convertible Notes were convertible was equal to the outstanding principal amount plus the amount of all accrued and unpaid interest at the time of the conversion, divided by the conversion price (US\$86.25). The Convertible Notes were classified as a financial liability since there was no fixed conversion rate because they were denominated in U.S. dollars and the Company's functional currency is the Mexico peso. Therefore, the conversion rate would have been determined depending on the exchange rate on the conversion date. Additionally, because the Convertible Notes were convertible at the option of the holder, the amount of principal and accrued interest from the incurrence of the debt until settlement was uncertain.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Given the nature of the business, the Company's research and development expenses are not meaningful.

Our most important brands, slogans and logos are protected by trademarks in Mexico through registration with the Mexican Industrial Property Institute (*Instituto Mexicano de la Propiedad Industrial*). Protection of a trademark in Mexico continues for as long as the brand is registered and used. As of December 31, 2023, we had approximately 1,391 owned brand files and registries in Mexico. In addition, within Mexico our licensors register their own brands granting us the right to use them within the territory.

D. TREND INFORMATION

Principal Factors Affecting our Results of Operations and Material Trends

Overall economic trends. The overall economic environment and related changes in consumer behavior have a significant impact on our business. Given we focus on consumer staples, shifts in economic conditions may increase or decrease customer spending at our stores. While improvements in economic conditions generally lead to increased spending, our business model naturally hedges against downturns as consumers seek affordability during economically challenging times. When economic conditions improve, we tend to retain these captured customers as they appreciate our focus not only on price but also on quality. Macroeconomic factors that can affect customer spending patterns, and thereby our results of operations, include employment rates, inflation, business conditions, the availability of credit, interest rates, flow of remittances from abroad, tax rates and fuel and energy costs.

Product mix, consumer preferences and demand. Our ability to continue appealing to existing customers and attract new ones depends on our capacity to originate, develop, and offer a compelling product assortment of private labels and branded products that is aligned to customer preferences. Although most of our products are staples, misjudging the market for our products may result in excess inventories or lower sales, impacting our sales growth and profitability.

Materialization of infrastructure investment to support growth. Our historical operating results reflect the impact of our ongoing investments to support our growth, including store expansion investments as well as in our proprietary warehouse and distribution network. We have made significant investments in our business that we believe have laid the foundation for continued profitable growth. We believe that strengthening our management team and enhancing our information systems, including our regional management, will enable us to support our continued growth and allow scaling our profitable business model.

Effective sourcing and distribution of products. Our sales and gross profit are affected by our ability to purchase the products we sell in sufficient quantities at competitive prices. We believe our suppliers have adequate capacity to meet our current and anticipated demand, in part because we collaborate and coordinate closely with them on the development of new private label products. However, our suppliers' ability to timely manufacture and deliver the products may be subject to various factors, including, among others, changes to the prices and flow of goods and ingredients, logistics disruptions, availability and cost of raw materials and labor disruptions. Any disruption in our supply chain could adversely affect our sales and profitability, including due to an inability to procure and stock sufficient quantities of merchandise to match market demand and our expansion plans resulting in lost sales.

Inflation and deflation trends. Our financial results can be directly impacted by substantial increases in product costs due to commodity cost increases or general inflation, which could lead to a reduction in our sales as well as greater margin pressure if costs cannot be passed on to consumers. To date, changes in general inflation have not materially impacted our business. In response to increasing general inflation, we seek to minimize the impact of such events by sourcing our merchandise from different vendors, changing our product mix and increasing our pricing when necessary.

Natural disasters and unusual weather conditions (whether or not caused by climate change). The occurrence of one or more natural disasters, such as Hurricane Otis that struck Acapulco, Guerrero on Mexico's pacific coast on October 25, 2023 where we have 54 stores, and other future hurricanes, fires, floods, tornadoes, earthquakes, unusual weather conditions. If any of these events result in the closure, or a limitation on operating hours, of one or more of our distribution centers, a significant number of stores, our sourcing offices, our corporate headquarters or impact one or more of our key suppliers, our operations and financial performance could be materially and adversely affected through an inability or reduced ability to make deliveries or provide other support functions to our stores and through lost sales. These events also could affect consumer shopping patterns or prevent customers from reaching our stores, which could lead to lost sales and higher markdowns, new store or distribution center opening delays, the temporary or long-term disruption of product availability in our stores, the temporary or long-term inability to obtain or access technology needed to effectively run our business and disruption of our utility services or information systems. These events may also increase the costs of insurance if they result in significant loss of property or other insurable damage by us or in the market more generally. In this case, As a result of the impact of Hurricane Otis, the Company recognized Ps.42,422 in impairment losses as other expenses for the year ended December 31, 2023 due to damages to properties, furniture, equipment, and lease-hold improvements resulting from the hurricane and related events. In addition, the Company recognized Ps.7,598 as sales expenses for the year ended December 31, 2023 in connection with cash losses due to theft, debris removal and equipment repairs. Finally, the Company also recognized Ps.30,409 in cost of sales for the year ended December 31, 2023 as a result of inventory obsolescence. Given the extensive damage to Acapulco's infrastructure, its population and their property, 51 stores were temporarily closed and thus we have delayed our expansion plans in the city which may affect our broader expansion plans, operations and financial performance. Although our stores were covered by insurance, there is no assurance that our insurers will cover all or a substantial amount of the losses incurred. Moreover, even if we receive adequate compensation from insurers, there is no guaranty that economic conditions in Acapulco will recover in a manner that will allow us to operate under the same conditions that prevailed before the storm.

E. CRITICAL ACCOUNTING ESTIMATES

Our financial statements are prepared in conformity with IFRS. In preparing our financial statements, we make assumptions, judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. We base our estimates, assumptions and significant judgements on historical experience and other factors that we considered relevant. Actual results may differ from said estimates.

We reviewed our estimates, assumptions and significant judgments continuously. Our revisions to accounting estimates are recognized in the review period and future periods if the review affects both the current period and subsequent periods.

We disclose our significant accounting policies in the notes accompanying our consolidated financial statements included elsewhere in this annual report.

Information on the judgments made in applying accounting policies that have significant effect on the amounts recognized in our consolidated financial statements are included in Note 4 to our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Our memorandum and articles of association provide that the board of directors will be composed of a minimum of seven directors and a maximum of 15 directors, with the number of board seats being exclusively determined by a resolution of directors (and, for the avoidance of doubt, the size of the board of directors may not be changed by the shareholders of the Company at any time (whether by resolution of members, special resolution of members or otherwise)).

Our board of directors is composed of nine members. Our directors do not have a retirement age requirement under our memorandum and articles of association.

Our memorandum and articles of association provide that, subject to certain exceptions, directors are elected by resolution of our shareholders, which requires the affirmative vote of a plurality of the votes cast on the resolution by the shareholders entitled to vote who are present, in person or by proxy, at the meeting (notwithstanding that such votes may represent less than a majority of the votes represented at the meeting and entitled to vote). Each director is appointed and elected for such term as set out in our memorandum and articles of association or until his or her earlier death, resignation or removal.

Our memorandum and articles of association provide that our directors are divided into three classes designated as the “Class I,” “Class II,” and “Class III” directors. Each director will serve for a term ending on the date of the third annual general meeting of the shareholders following the annual general meeting of the shareholders at which such director was elected (except that the terms of the Class I, Class II and Class III directors listed below expire at the annual meetings identified below), subject to the provisions of our memorandum and articles of association. The Class I directors that were put in place upon consummation of our IPO will hold office until our next annual general meeting. Our directors have been divided among the three classes as follows:

- the initial Class I directors are Messrs. Le Ruyet and Gertsacov and Ms. Martinez, and their terms will expire at the annual general meeting of shareholders expected to be held no later than April 2025;
- the initial Class II directors are Messrs. Hatoum, Cappello and Meffre, and their terms will expire at the annual general meeting of the shareholders expected to be held no later than April 2026; and
- the initial Class III directors are Ms. Reich and Messrs. Fuster and Khouri, and their terms will expire at the annual general meeting of shareholders expected to be held no later than April 2027.

See “Item 10. Additional Information—B. Memorandum and Articles of Association” for further information.

The following table sets forth the current members of our board of directors and their ages as of December 31, 2023.

Name	Age	Position
K. Anthony Hatoum	60	Chairman
Nicole Reich	58	Independent Director
Dan Gertsacov	48	Independent Director
Jean-François Le Ruyet	55	Director
Alexander Fuster	58	Independent Director
Juan Pablo Cappello	56	Independent Director
Sami Khouri	72	Independent Director
Alexis Meffre	48	Director
Stephanie Martinez	47	Independent Director

The business address of our directors is Río Danubio 51, Col. Cuauhtémoc, Mexico City, Mexico 06500. The following sets forth biographical information for each of the members of our board of directors:

K. Anthony Hatoum. K. Anthony Hatoum is the founder, Chairman of the board of directors and Chief Executive Officer of the Company. Mr. Hatoum began his professional career in J.P. Morgan's investment banking division in New York and later as a Senior Engagement Manager at McKinsey & Co. in New York. He later joined Merrill Lynch's global private equity group as a Managing Director where he covered BIM, the Turkish hard-discount food retailer. Mr. Hatoum began his first of a series of entrepreneurial ventures in 1998, and he also co-founded Advantage Card, a leading credit card, consumer finance and loyalty program in Turkey and then went on to co-found E-bebek, a leading retailer of baby products in Turkey and among the first online retailer in Turkey. Mr. Hatoum holds a Bachelor's Degree in Civil Engineering from Columbia University, a Master's Degree in Civil Engineering from the Massachusetts Institute of Technology and an MBA from Stanford Graduate School of Business.

Nicole Reich. Nicole Reich has been a director of the Company since 2023. Ms. Reich is the President of the Board of BNP Paribas Cardif Mexico, the insurance arm of BNP Paribas in Mexico, where she previously served as chief executive officer for eight years. Ms. Reich has held other leadership positions in the financial sector, primarily across Latin America, including at The Bank of Nova Scotia and Citi. Ms. Reich also serves as president of the Risk and Audit Committees of multiple institutions. She has received numerous accolades, including "Woman of the Year" by the Mexican Senate. Ms. Reich holds a Bachelor's Degree in Computer Science from the Instituto Tecnológico de Estudios Superiores de Monterrey and an MBA from the Instituto Tecnológico Autónomo de México (ITAM) with postgraduate studies at the Kellogg School of Business at Northwestern University.

Dan Gertsacov. Dan Gertsacov has been a director of the Company since 2023. Mr. Gertsacov is an executive with 25 years of experience in the technology, food and restaurant industries. His experience includes senior roles at Google, Arcos Dorados and Focus Brands. Mr. Gertsacov is a Senior Advisor at McKinsey & Company. He holds a Bachelor of Arts degree with Honors from the University of Richmond and an MBA from Harvard Business School.

Jean-François Le Ruyet. Jean-François Le Ruyet has been a director of the Company since 2023. Mr. Le Ruyet is a partner at Quilvest Capital Partners, where he is the co-manager of the global co-investment and fund programs with a focus on European buy-out funds. He also serves on Quilvest Capital Partner's global investment committee and the co-investment investment committee. Prior to joining Quilvest Capital Partners in 2003, Mr. Le Ruyet was management and strategic consultant with Bain & Company and later with McKinsey & Company. At McKinsey, he worked with several European private equity sponsors with a focus on media and consumer goods and was involved with strategic and market due diligence as well as merger and acquisition valuation. Prior to his consulting career, he worked for two years at Société Générale in São Paulo, Brazil. Mr. Le Ruyet received his undergraduate degree from Ecole des Hautes Etudes Commerciales in Paris, France and an MBA from Columbia Business School.

Alexander Fuster. Alexander Fuster has been a director of the Company since 2015. Mr. Fuster is currently a private investor and heads a family office based in Miami, Florida. Prior to his current role, Mr. Fuster co-founded and led a series of privately-held healthcare investments in managed care, and medical services provider networks with an integrated pharmacy delivery system in Florida. He was a founding principal at Penske Capital Partners, a private equity firm in New York and also served as president of Leland Corporation, a private investor venture fund. Mr. Fuster was also a consultant at McKinsey & Company and an accountant at PricewaterhouseCoopers. He holds a Bachelor of Sciences in Business Administration degree with high honors from the University of Notre Dame and an MBA from Stanford University's Graduate School of Business.

Juan Pablo Cappello. Juan Pablo Cappello has been a director of the Company since 2020. Mr. Cappello is the co-founder and partner of PAG Law and has been actively advising companies throughout Latin America for over thirty years since he began his legal career at one of the leading law firms in Santiago, Chile. His practice has focused on financial technology and digital assets, having served as the chief legal officer of Patagon.com, considered among the first financial technology business in Latin America, and led the in-house team in the sale to Santander. Mr. Cappello has since been involved in the co-founding of other business ventures, including NUE Life Health and Wonder.com. He is actively involved in the growth of development of Miami's technology ecosystem, having founded LAB Miami, LAB Ventures and Miami Angels. PAG Law has been named Latin American Venture

Capital Law Firm of the Year –2022 by Global 100. Mr. Cappello received his undergraduate degree from Duke University and his law degree from NYU Law School.

Sami Khouri. Sami Khouri has been a director of the Company since 2015. Mr. Khouri is the chief executive officer and a board member of United Investors Holding SAL, a Beirut-based group of distribution companies, that retail and distribute brands such as Nike, Converse and Levi's. Since 1975, he has been actively involved in various business enterprises and has founded different ventures in diversified sectors, including local consumer goods industries, import and distributorships for multinational suppliers in fast moving consumer goods, pharmaceuticals, real estate development and investment banking. Mr. Khouri also serves as director in Gazzouli Holding, an electrical component and water pump distributor in Lebanon and Qatar, as well a director of Eathos Ltd, a restaurant franchise operator in the Kingdom of Saudi Arabia and the Gulf states. Additionally, he is actively involved in several non-governmental organizations. Mr. Khouri serves as a director of Endeavor, global organization that supports high-impact entrepreneurs in emerging markets, The Lebanese Center for Palliative Care/BALSAM and Ruwwad Al Tanmeya in Lebanon, which is focused on the empowerment of marginalized societies through scholarships for education. He holds a degree in Economics from the American University of Beirut.

Alexis Meffre. Alexis Meffre has been a director of the Company since 2023. Mr. Meffre joined Quilvest Capital Partners in 2018 as its Executive Chairman and he currently heads its Executive Committee. He has over 20 years of private equity and finance experience across Europe, the United States and in Emerging Markets. Prior to joining Quilvest, Mr. Meffre was a Director at ACG Capital (ex Groupama Private Equity), co-manager of the investment team and member of the investment committee. At ACG Capital, he was leading private equity fund investments in primary and secondary opportunities, buy-out, venture capital and/ growth equity, debt and mezzanine, infrastructure and special situations. Mr. Meffre was also actively involved in client relationship, fundraising and new products development. From 2003 to 2007, he worked at Proparco (a French Development Financial Institution) where he co-founded the Private Equity team, focusing on emerging markets (direct investments, private equity fund investments and co-investments). Mr. Meffre began his career as financial analyst in Sydney with BNP PARIBAS Equities Australia and then joined Goldman Sachs Global Investment Research focusing on EMEA markets in London. He serves on the Bemberg Family Council, as well as the Boards of Bemberg Capital, Quilvest Capital Partners SA, Quilvest Capital Partners AM SA (the Quilvest Group AIFM). Mr. Meffre is a graduate from HEC Paris (*Hautes Etudes Commerciales*) and IEP Paris (*Institut d'Etudes Politiques de Paris*).

Stephanie Martinez. Stephanie Martinez has been a director of the Company since 2023. Ms. Martinez, is currently the managing director for France of Montblanc, a German luxury pen and accessory label owned by Richemont, where she has overseen the brand's expansion into the region. Prior to Montblanc, Ms. Martinez was the managing director for Mexico of Swarovski, an Austrian family business in its fifth generation. She has also held positions at luxury label Chanel. Ms. Martinez holds a business degree from Neoma Business School and a diploma from Instituto Tecnológico Autónomo de México (ITAM).

Executive Officers

Our officers are appointed by the board of directors. The following table sets forth our current executive officers, their titles, their ages and the years with our company as of December 31, 2023.

Officer	Position	Age	Years with our company
K. Anthony Hatoum	Chief Executive Officer	60	19
Eduardo Pizzuto	Chief Financial Officer and Investor Relations Officer	53	16
Diego Apalategui	Director of Sales and Operations	47	19
Luis Bermúdez	Director of Purchasing	53	5
Javier Suárez	Director of Human Resources	47	19
Pablo Grattarola	Director of Information Technology	51	<1
Alejandro Dávila	Director of Real Estate	46	1

The business address of our key executives is Río Danubio 51, Col. Cuauhtémoc, Mexico City, Mexico 06500. The following sets forth biographical information for each of our key executives:

K. Anthony Hatoum. See “—Board of Directors.”

Eduardo Pizzuto. Eduardo Pizzuto is the Chief Financial Officer and Investor Relations Officer of the Company. Mr. Pizzuto has been with the Company since 2007, actively involved in various capacities which include expansion, procurement and operational aspects, while overseeing financial aspects of the business. Before joining the Company, he was chief executive officer at a valve manufacturing company. Mr. Pizzuto has also worked for Nestlé Purina, managing its Wal-Mart Sam’s account in Bentonville, Arkansas, and later serving as the National Sales Manager of Nestlé Purina in Mexico. Mr. Pizzuto holds a Bachelor’s Degree in Industrial Engineering from Universidad Iberoamericana in Mexico and an MBA from Cox School of Business at Southern Methodist University.

Diego Apalategui. Diego Apalategui is the Director of Sales and Operations of the Company. Mr. Apalategui has over two decades of experience in the retail industry. After beginning his career as a restaurant manager with Burger King Argentina, he transitioned to EKI, a then nascent retail venture with just six stores which scaled during Mr. Apalategui’s tenure to 250 stores. Mr. Apalategui joined Tiendas 3B in December 2004 as Director of Sales and Operations. Mr. Apalategui holds a Bachelor’s Degree in Information Systems from Universidad Tecnológica Nacional in Buenos Aires.

Luis Bermúdez. Luis Bermúdez is the Director of Purchasing of the Company. Mr. Bermúdez has more than 20 years of international experience in category management and strategic purchasing with a focus on private label assortment building and discount retailing concepts. He began his career at Lidl Discount Spain as a Category Manager and then transitioned to Aldi Discount Spain, where he managed a broad portfolio of providers. Before joining Tiendas 3B in 2018, Mr. Bermúdez served as Import Categories Purchasing Manager for the Saudi Market at Dukan Retailing Discount Company. While there, he was involved in the company’s purchasing strategy. Mr. Bermúdez holds a Bachelor’s Degree in Business Administration, with a specialization in Market Research, from the Escuela Superior de Negocios y Marketing in Zaragoza, Spain. He also holds an MBA from ESIC Business & Marketing School in Barcelona, Spain.

Javier Suárez. Javier Suárez is the Director of Human Resources of the Company. Mr. Suárez has been with the Company since 2004 helping shape the growth and development of Tiendas 3B’s workforce. He began his professional career in operational roles at McDonald’s in Argentina, and later as Operations Manager of EKI. Mr. Suárez holds a Bachelor’s and Master’s degree in Humanistic Psychology from Universidad Gestalt in Mexico City and is currently pursuing a Ph.D. in philosophy at the same institution. Mr. Suárez also holds an MBA degree from IPADE Business School in Mexico City. Additionally, he is a professor of human capital management and strategic relationships at Universidad Panamericana in Mexico City.

Pablo Grattarola. Pablo Grattarola is the Director of Information Technology of the Company. Mr. Grattarola brings over two decades of multi-sector experience to the role. He began his career at AB-InBev in Uruguay, where he advanced from IT Analyst to Regional IT Lead over a 10-year period, gaining significant experience in risk, compliance, and auditing processes. Mr. Grattarola later transitioned to the role of chief information officer across various industries, including retail, health, financial technology, and finance. He served as chief information officer of Banco Santander Uruguay, where he led key initiatives in risk, compliance, and cybersecurity and was involved in various projects including enterprise resource planning migrations and credit card conversions, as well as being involved in the mergers and acquisitions and due diligence activities. Mr. Grattarola holds an Information Systems Engineering Degree from Universidad Tecnológica Nacional and an MBA degree from Universidad de Belgrano, both in Argentina. He also holds an AGILE Certification from Maryland University and is an active member of the ISACA Uruguay organization, which focuses on cybersecurity.

Alejandro Dávila. Alejandro Dávila is the Director of Real Estate of the Company. Prior to joining Tiendas 3B in 2022, Mr. Davila worked at OXXO, where he served as General Manager for OXXO Colombia and was closely involved in OXXO's international expansion, overseeing the company's growth into Colombia, Chile, Brazil and Peru between 2018 and 2021. Mr. Dávila holds a civil engineering degree from Instituto Tecnológico de Nuevo León, with a Master's Degree in Business Planning from Instituto Tecnológico de Piedras Negras and leadership diplomas from Instituto Tecnológico y de Estudios Superiores de Monterrey and IPADE Business School, all in Mexico.

Family Relationships

There are no family relationships between any of the directors and executive officers.

B. COMPENSATION

Compensation of Directors and Officers

We are not required by British Virgin Islands law to disclose compensation paid to our senior management on an individual basis and we have not otherwise publicly disclosed this information elsewhere.

Our directors, executive officers and management in general receive fixed and variable compensation. They also receive benefits generally in line with market practice in Mexico. The fixed component of their compensation is set on market terms and adjusted annually.

The variable component consists of cash bonuses and awards of options to purchase shares. Cash bonuses are paid to executive officers and members of our management based on previously agreed targets for the business and have been approved by the board of directors each year. Options have been awarded under our 2004 Option Plan or Equity Incentive Plan, as discussed below.

For the year ended December 31, 2023, the aggregate compensation expense for the members of the board of directors and our executive officers for services in all capacities was Ps.515,483 thousand, which includes both share-based payments and cash compensation. In addition, as part of our retention strategy, certain of our executive officers agreed to defer the payment of certain accrued bonuses. For the year ended December 31, 2023, deferred bonus payable to our executive officers was Ps.43,161 thousand.

2004 Option Plan

We have a Non-Qualified Stock Option Plan, dated as of July 15, 2004 (as amended) (the "2004 Option Plan") pursuant to which we have granted options to purchase Class C common shares of the Company to certain employees, directors and other service providers of the Company and its subsidiaries. The share options are generally subject to time-based vesting requirements and generally vest over a five year period, with 25% of the share options vesting at the end of each of the second, third, fourth and fifth calendar year following the calendar year in which they were granted (subject to continued employment and service requirements) (the "Common Options").

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We have also issued certain exit options under the 2004 Option Plan to senior management and to current and former members of the board of directors. They are identical in terms to the Common Options granted under the 2004 Option Plan, except that they vest immediately upon the occurrence of a liquidity event, such as an initial public offering by the Company (the “Exit Options” and, together with the Common Options, the “Stock Options”). Accordingly, all of the Exit Options vested upon our IPO. Share numbers presented in this section were calculated after giving effect to a 3-for-1 share split carried out in connection with our IPO.

The maximum number of Class C common shares that may be issued under 2004 Option Plan is 45,000,000 Class C common shares, subject to adjustment in accordance with the terms of the 2004 Option Plan.

As of the date of this annual report, a total of 43,186,224 Stock Options was outstanding (considering the 3-for-1 share split effected in connection with our IPO), of which 25,508,724 were fully vested and all of which were issued pursuant to the 2004 Stock Option Plan. Each Stock Option represents the right to receive one Class C common share.

The table below sets forth the grants per year (net of forfeitures) and the weighted average strike prices of the Common Options (considering the 3-for-1 share split effected in connection with our IPO).

	Number of Common Options		
	2023	2022	2021
Outstanding as of January 1,	29,366,250	22,031,250	16,991,250
Granted during the year	6,270,000	7,335,000	5,085,000
Forfeited during the year	(645,000)	—	(45,000)
Outstanding as of December 31,	34,991,250	29,366,250	22,031,250
Weighted average strike price (US\$)	US\$ 6.02	US\$ 4.69	US\$ 3.03

The table below sets forth the grants per year (net of forfeitures) and the weighted average strike prices of the Exit Options.

	Number of Exit Options		
	2023	2022	2021
Outstanding as of January 1,	7,064,982	7,064,982	6,544,974
Granted during the year	379,992	—	900,000
Forfeited during the year	—	—	(379,992)
Outstanding as of December 31,	7,444,974	7,064,982	7,064,982
Weighted average strike price (US\$)	US\$ 3.43	US\$ 3.45	US\$ 3.45

The Stock Options issued under the 2004 Option Plan will continue to be governed by the terms of the 2004 Option Plan, and the Common Options (to the extent unvested) will continue to vest on the same terms and conditions that originally applied to such Common Options. No additional Stock Options will be granted under the 2004 Option Plan after our IPO. Since the Class C common shares are subject to restrictions on sale for a period of 180 days after the date of the prospectus relating to our IPO, as well as additional restrictions for a further 24 months following such 180-day period, our board has determined that any vested Stock Options issued under the 2004 Option Plan cannot be exercised until the earliest to occur of (1) the conversion of Class C common shares pursuant to the initial exercise of registration rights under our memorandum and articles of association, (2) July 8, 2026, (3) upon and in connection with any business combination or offer to acquire the Company that would represent a change in control of the Company, which will result in the automatic acceleration of all vested options, and (4) the conversion of Class C common shares into Class A common shares upon the affirmative vote of holders representing at least 75% of the votes of the Class B common shares and Class C common shares voting as a single class (provided that such conversion does not take place within 18 months of the date of the prospectus relating to our IPO).

Liquidity Event Bonus Plan

Our board of directors has adopted a bonus plan (the “Liquidity Event Bonus Plan”) in which direct reports of the Chief Executive Officer of the Company and Mr. Hatoum (directly or indirectly through Bolton Partners Ltd.) are eligible to participate. Participants in the Liquidity Event Bonus Plan are eligible to receive a certain number of Class C common shares of the Company following consummation of our IPO, based on the participant’s allocated percentage of bonus pool under the Liquidity Event Bonus Plan (the “Bonus Pool”). The Bonus Pool, as calculated at the time of the consummation of our IPO is equal to 7,500,000 Class C common shares. The Bonus Pool was calculated at the time of the consummation of our IPO, based on the sum of (x) 1,440,000 Class C common shares, plus a (y) a certain number of additional Class C common shares if the enterprise value (as defined for purposes of the Liquidity Event Bonus Plan) of the Company immediately prior to our IPO exceeded US\$1,000,000,000, with such number of additional Class C common shares equal to the product of (A) the amount of enterprise value above US\$1,000,000,000 divided by US\$17 million, multiplied by (B) 100,000 (and rounded up to the closest full number). There was a limit of 7,500,000 Class C common shares that may be issued under the Bonus Pool, which was reached based on these calculations.

Since the Class C common shares are subject to restrictions on sale for a period of 180 days after the date of the prospectus relating to our IPO, as well as additional restrictions for a further 24 months beyond such 180-day period, our board has determined that delivery of the Class C common shares under the Liquidity Event Bonus Plan will be delayed until after the earlier of (1) January 1, 2025 or (2) any business combination or offer to acquire the Company that would represent a change in control of the Company and also constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, in each case, within the meaning of Section 409A of the U.S. Internal Revenue Code of 1986, as amended (the “Delayed Delivery”).

Founder Liquidity Bonus

Pursuant to the terms of the shareholders’ agreement as in effect prior to our IPO, Bolton Partners Ltd., a vehicle affiliated with Mr. Hatoum, was entitled to receive 4,211,155 Class C common shares of the Company following consummation of our IPO. The number of Class C common shares Bolton Partners Ltd. received was calculated based on the internal rate of return (“IRR”) Quilvest Capital Partners realized in connection with our IPO, regardless of whether Quilvest Capital Partners actually sold any of its Company shares as part of our IPO. The IRR was determined based on the higher of: (x) the price per Class A common share offered to the public under our IPO and (y) the volume-weighted average price per Class A common share for a period of five consecutive trading days beginning and including the first full trading day following our IPO. Bolton Partners Ltd. was entitled to receive: (i) 2,997,750 Class C common shares if the IRR equaled 15% and (ii) 4,224,960 Class C common shares if the IRR equaled 22.5% or more. If the IRR would have been greater than 15% but less than 22.5%, Bolton Partners Ltd. would have received a number of Class C common shares between 2,997,750 and 4,224,960 that was in linear proportion to the IRR actually achieved. As the IRR was greater than 22.5%, Bolton Partners Ltd. received 13,805 additional Class C common shares. Similar to the Liquidity Event Bonus Plan, delivery of the Class C common shares under the Founder Liquidity Bonus will be subject to Delayed Delivery. See “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders” for the fully diluted share ownership of Bolton Partners Ltd.

Equity Incentive Plan

Our board of directors has adopted, and our shareholders have approved, an equity incentive plan (the “Equity Incentive Plan”) prior to the completion of our IPO, in order to provide a means through which to attract, retain and motivate key personnel. Awards under the Equity Incentive Plan may be granted to any (i) individual employed by the Company or its subsidiaries (other than those U.S. employees covered by a collective bargaining agreement unless and to the extent that such eligibility is set forth in such collective bargaining agreement or similar agreement); (ii) director of the Company or its subsidiaries; or (iii) consultant or advisor to the Company or its subsidiaries who may be offered securities registrable pursuant to a registration statement on Form S-8 under the Securities Act. The Equity Incentive Plan will be administered by the Compensation Committee or such other committee of our board of directors to which it has properly delegated power, or if no such committee or subcommittee exists, our board of directors.

Under the Equity Incentive Plan, 8,400,000 Class A common shares were initially reserved for issuance, which number is subject to increase on the first day of each fiscal year beginning with the 2024 fiscal year in an amount equal to the lesser of (i) the positive difference, if any, between (x) 2.0% of the outstanding common shares on the last day of the immediately preceding fiscal year and (y) the available plan reserve on the last day of the immediately preceding fiscal year and (ii) a lower number of common shares as determined by our board of directors.

All awards granted under the Equity Incentive Plan will vest and/or become exercisable in such manner and on such date or dates or upon such event or events as determined by the Compensation Committee. Awards available for grant under the Equity Incentive Plan include non-qualified stock options and incentive stock options, restricted common shares, restricted stock units, other equity-based awards tied to the value of our Class A common shares, and cash-based awards.

Awards other than cash-based awards are generally subject to adjustment in the event of (i) any dividend (other than regular cash dividends) or other distribution, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of common shares or other securities, or other similar transactions or events, or (ii) unusual or nonrecurring events affecting the Company, including changes in applicable rules, rulings, regulations or other requirement. In addition, in connection with any change in control, the Compensation Committee may, in its sole discretion, provide for any one or more of the following: (i) a substitution or assumption of, acceleration of the vesting of, the exercisability of, or lapse of restrictions on, any one or more outstanding awards and (ii) cancellation of any one or more outstanding awards and payment to the holders of such awards that are vested as of such cancellation (including any awards that would vest as a result of the occurrence of such event but for such cancellation) the value of such awards, if any, as determined by the Compensation Committee.

Our board of directors of directors may amend, alter, suspend, discontinue, or terminate the Equity Incentive Plan or any portion thereof at any time, but no such amendment, alteration, suspension, discontinuance or termination may be made without shareholder approval if (i) such approval is required under applicable law; (ii) it would materially increase the number of securities which may be issued under the Equity Incentive Plan (except for adjustments in connection with certain corporate events); or (iii) it would materially modify the requirements for participation in the Equity Incentive Plan. Any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any participant or any holder or beneficiary of any award will not to that extent be effective without such individual's consent.

All awards granted under the Equity Incentive Plan are subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by our board of directors or the Compensation Committee and as in effect from time to time and (ii) applicable law.

Agreements with our Executive Officers

As required under Mexican labor laws, certain of our executive officers have entered into employment agreements with us, certain of which provide for severance and notice of termination benefits.

C. BOARD PRACTICES

Term of Office

Dates of expiration of terms of office of the directors of the Company and the years of each director and the company can be found in “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management.”

Committees

The board of directors of the Company has formed an Audit Committee. In addition, although not required under the laws of the British Virgin Islands, our memorandum and articles of association establish a Compensation

Committee. The board of directors may dissolve and appoint at any time any committee. At least one meeting shall be held by each committee on a quarterly basis.

Audit Committee

The Audit Committee is comprised of Ms. Reich, who is the chair, and Messrs. Gertsacov, Fuster and Cappello.

The Audit Committee is governed by a charter that complies with the New York Stock Exchange rules and is available on our investor relations website at <https://www.investorstiendas3b.com/>. The Audit Committee is responsible for, among other things:

- the appointment, compensation, retention and oversight of any auditor or accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services;
- pre-approving the audit services and non-audit services to be provided by our independent auditor before the auditor is engaged to render such services;
- reviewing and discussing with the independent auditor its responsibilities under generally accepted auditing standards, the planned scope and timing of the independent auditor's annual audit plan(s) and significant findings from the audit;
- obtaining and reviewing a report from the independent auditor describing all relationships between the independent auditor and the Company consistent with the applicable PCAOB requirements regarding the independent auditor's communications with the Audit Committee concerning independence;
- confirming and evaluating the rotation of the audit partners on the audit engagement team as required by law;
- reviewing with management, in separate meetings whenever the Audit Committee deems appropriate, any analyses or other written communications prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS methods on the financial statements, and other critical accounting policies and practices of the Company;
- reviewing, in conjunction with the Chief Executive Officer and Chief Financial Officer and Investor Relations Officer of the Company, the Company's disclosure controls and procedures and internal control over financial reporting;
- establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- approving or ratifying any related party transaction (as defined in our related party transaction policy) in accordance with our related party transaction policy.

Compensation Committee

The Compensation Committee is comprised Ms. Reich, Mr. Khouri and Mr. Fuster. The Compensation Committee is responsible for assessing and providing recommendations to the board of directors in relation to salaries and compensation packages of executive officers of the Company, and for administering the 2004 Option Plan and Equity Incentive Plan. Our Compensation Committee charter is available on our investor relations website at <https://www.investorstiendas3b.com/>.

Code of Ethics

On January 28, 2024 we adopted a revised code of ethics, which will apply to all of our directors, officers and employees and is publicly available on our website. We intend to disclose future amendments to, or waivers of, our code of ethics on the same page of our corporate website. Information contained on our website is not incorporated by reference into this annual report. Information contained on our website should not be considered to be part of this annual report or in deciding whether to invest in our Class A common shares.

Service Contracts

None of the members of our Board of Directors have entered into service contracts with us or any of our subsidiaries providing for benefits upon termination of employment.

D. EMPLOYEES

Human Capital and Our Culture

At the heart of our corporate culture are our core values: trustworthiness, honesty, and modesty. We view these values as central to our past success and future aspirations. We strive to instill these values in all our employees and suppliers to improve the communities where we operate. As of December 31, 2023, of our 21,924 employees, approximately 3,400 were employed in our warehouses and distribution centers, approximately 18,200 were employed at our stores and approximately 250 were employed in our corporate offices. We endeavor to provide competitive compensation and benefits that attract and retain top-tier talent and are committed to promoting diversity among our teams through an inclusive culture that seeks to integrate people from different parts of the world that enrich and support efforts to meet business objectives.

We prioritize continuous learning and development for our employees. In 2018, we introduced “University 3B” (or “Universidad 3B”), an online training initiative. Our employees are automatically enrolled to the platform which offers over 100 courses, from theoretical insights to practical applications, covering key areas such as our business model, process protocols, safety guidelines, exclusive brand knowledge, and role-specific certifications.

In order to cultivate leadership, we have developed a specialized program to accelerate the growth of key-talent within our organization. During this 78-hour program, we focus on skills relating to supervision, management decision-making, result focus, information and management and information analysis. This program is conducted twice a year with a local prestigious university, the *Escuela Bancaria y Comercial*. This initiative has led to the promotion of over 67 employees to managerial positions between 2021 and 2023.

We champion career growth with a hands-on evaluation program, designed to propel employees’ career trajectories within the company. A key initiative of our training and employee development is our performance review process. Our digitalized process allows us to measure key employee metrics and competencies based on each employee’s position.

Employee growth and retention are at the forefront of our strategies. We diligently track metrics like applications, staffing, turnover, and internal promotions. Our comprehensive career plans coupled with a meritocratic advancement model, offer multidisciplinary career growth opportunities. During 2023, we promoted 4,277 of our employees, reflecting our commitment to career development and growth within our organization.

We recognize that our employees’ well-being is paramount to their professional success. To further our commitment, we have a toll-free telephone line handled by health professionals who provide psychological, nutritional, and medical advice to our employees.

Integral to our corporate culture is the value we place on open communication. We believe in empowering our employees and that they should have voice in company matters. For example, all employees have access to a platform with direct access to our Chief Executive Officer, all improvement proposals are heard and responded to

through this platform. Proposals that we believe may add value to the business are analyzed in detail and implemented.

E. SHARE OWNERSHIP

The shares and any outstanding options beneficially owned by our directors and officers and/or entities affiliated with these individuals are disclosed in “Item 7–A. Major Shareholders.”

F. DISCLOSURE OF A REGISTRANT’S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

The table below contains information regarding the beneficial ownership of our equity securities.

Beneficial ownership is determined under SEC rules and generally includes voting or investment power over securities. Except in cases where community property laws apply or as indicated in the footnotes to this table, we believe that each shareholder identified in the table below possesses sole voting and investment power over all the Class A common shares, Class B common shares and/or Class C common shares shown as beneficially owned by such shareholder in the table.

The percentages of beneficial ownership in the table below are calculated on the basis of the following numbers of shares outstanding as of March 31, 2024: 38,709,677 Class A common shares, 5,200,000 Class B common shares and 68,291,075 Class C common shares.

The holders of our Class A common shares, Class B common shares and Class C common shares have identical rights, except that:

- holders of Class B common shares (1) are entitled to 15 votes per share, whereas holders of our Class A common shares and Class C common shares are entitled to one vote per share; (2) have certain conversion rights into one Class A common share, as described below; (3) are subject to certain transfer restrictions; and (4) have certain preemptive rights; and
- holders of Class C common shares (1) have certain conversion rights into one Class A common share, as described below; and (2) are subject to certain transfer restrictions.

Each Class B common share will convert automatically into one Class A common share (i) upon sale into the public market; (ii) upon any transfer, whether or not for value (except for certain permitted transfers described in our memorandum and articles of association, including transfers to and between trusts or other vehicles solely for the benefit of our principal shareholder, its affiliates and/or members of the immediate family of Mr. Hatoum, its direct and indirect shareholders and partnerships, corporations and other entities exclusively owned by our principal shareholder, its affiliates and/or members of the immediate family of Mr. Hatoum); and (iii) at such time as the number of issued and outstanding Class B common shares represents less than 1.0% of the aggregate number of the aggregate common shares of the Company then outstanding. A Class B common share will convert automatically into one Class C common share upon foreclosure or enforcement of any pledge over the Class B common shares. Following the expiry of the Liquidity Lock-Up Period, a holder of Class B common shares may also at any time elect to convert a Class B common share into one Class A common share by delivering a conversion notice to the Company.

Each Class C common share will convert automatically into one Class A common share upon (i) sale into the public market; (ii) certain transfers permitted during the Liquidity Lock-Up Period (including “change of

control” transactions and piggy back or registration rights sales described above); and (iii) upon expiry of the Liquidity Lock-Up Period. Any Class C common shares that remain outstanding (but not, for the avoidance of doubt, Class B common shares) shall immediately and automatically convert into Class A common shares upon the expiry of the Liquidity Lock-Up Period. In addition, our articles of association permit the conversion of Class C common shares into Class A common shares upon the affirmative vote of holders representing at least 75% of the votes of the Class B common shares and Class C common shares voting as a single class (provided that such conversion does not take place within 18 months as of February 9, 2024).

See “Item 10. Additional Information—B. Memorandum and Articles of Association” for more information about the rights of our Class A common shares, Class B common shares and Class C common shares.

The table below does not reflect: 43,186,224 Class C common shares issuable upon the exercise of options granted under our 2004 Option Plan, 7,500,000 Class C common shares awarded under the Liquidity Event Bonus Plan and 4,211,155 Class C common shares awarded under the Founder Liquidity Bonus. The ability to exercise such options or to receive delivery of such Class C common shares, as applicable, are subject to the restrictions described below.

Since, pursuant to the terms of our memorandum and articles of association, the Class C common shares are subject to restrictions on sale for a period of 180 days after the date of the prospectus relating to our IPO, as well as additional restrictions for a further 24 months following such 180-day period, our board of directors has determined that any vested Stock Options issued under the 2004 Option Plan cannot be exercised until the earliest to occur of (1) the conversion of Class C common shares pursuant to the initial exercise of registration rights under our memorandum and articles of association, (2) July 8, 2026, (3) any business combination or offer to acquire the Company that would represent a change in control of the Company (which will result in the automatic acceleration of all vested options), and (4) the conversion of Class C common shares into Class A common shares upon the affirmative vote of holders representing at least 75% of the votes of the Class B common shares and Class C common shares voting as a single class (provided that such conversion does not take place within 18 months of the date of the prospectus relating to our IPO).

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Similarly, considering the restrictions on the sale of Class C common shares described above, our board of directors has determined that delivery of the Class C common shares under the Liquidity Event Bonus Plan and under the Founder Liquidity Bonus will be delayed until after the earlier of (1) January 1, 2025 or (2) any business combination or offer to acquire the Company that would represent a change in control of the Company and also constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, in each case, within the meaning of Section 409A of the U.S. Internal Revenue Code of 1986, as amended.

	Common Shares Beneficially Owned						Total Voting Power (1)
	Class A		Class B		Class C		
	Shares	%	Shares	%	Shares	%	
Directors and Executive Officers(2)							
Anthony Hatoum(3)	—	—	5,200,000	100.0%	7,866,365	11.5%	46.4%
Nicole Reich de Polignac	—	—	—	—	—	—	—
Dan Gertsacov	—	—	—	—	—	—	—
Jean-François Le Ruyet(4)	—	—	—	—	—	—	—
Alexander Fuster	—	—	—	—	—	—	—
Juan Pablo Cappello	—	—	—	—	—	—	—
Sami Khouri(5)	—	—	—	—	5,390,940	7.9%	2.9%
Alexis Meffre(6)	—	—	—	—	—	—	—
Stephanie Martinez	—	—	—	—	—	—	—
Eduardo Pizzuto	—	—	—	—	—	—	—
Diego Apalategui	—	—	—	—	—	—	—
Luis Bermúdez	—	—	—	—	—	—	—
Javier Suárez	—	—	—	—	—	—	—
Pablo Grattarola	—	—	—	—	—	—	—
Alejandro Dávila	—	—	—	—	—	—	—
All directors and executive officers as a group (15 persons)(7)	—	—	5,200,000	100.0%	13,257,305	19.4%	49.3%
		—		—		—	
5% Shareholders		—		—		—	
QS BBB Inc.(8)	—	—	—	—	13,107,000	19.2%	7.1%
QS 3B, Inc.(9)	—	—	—	—	12,954,645	19.0%	7.0%
QS T3B, Inc.(10)	—	—	—	—	6,822,414	10.0%	3.7%
BBB Investments Group S.A.(11)	—	—	—	—	6,757,647	9.9%	3.7%
Capital International Investors(12)	6,732,117	17.4%	—	—	—	—	3.6%
GIC Private Limited(13)	2,720,000	7.0%	—	—	—	—	1.5%
Total shares per Class	38,709,677	100.0%	5,200,000	100.0%	68,291,075	100.0%	

- (1) Percentage of total voting power represents voting power with respect to all of our Class A common shares, Class B common shares and Class C common shares, as a single class. Holders of our Class B common shares are entitled to 15 votes per share, whereas holders of our Class A common shares and Class C common shares are entitled to one vote per share. For more information about the voting rights of our Class A common shares, Class B common shares and Class C common shares, see “Item 10. Additional Information—B. Memorandum and Articles of Association.”
- (2) Unless indicated otherwise, the current business address for our directors and executive officers is Rio Danubio 51, Col. Cuauhtémoc, Mexico City, Mexico 06500.
- (3) Mr. Hatoum’s ownership includes (i) 5,200,000 Class B common shares and 7,083,461 Class C common shares held by Bolton Partners Ltd., which is an investment vehicle of which Mr. Hatoum and his immediate family members, directly or through irrevocable trusts for the benefit of family members, hold all of the beneficial ownership interests, and with respect to which Mr. Hatoum may be deemed to have voting and dispositive power, and (ii) 1,232,904 Class C common shares held by Bolton Partners Ltd. indirectly through BBB Investments Group S.A., an investment vehicle over which no shareholder exercises control, and in respect of which shares Bolton Partners Ltd. maintains voting and dispositive power (but not as to the remaining shares of the Company held by BBB Investments Group S.A.).
- However, the table above and the foregoing ownership information does not include the following shares that are or will be held by directly or indirectly by Mr. Hatoum through Bolton Partners Ltd.: (i) Stock Options (including unvested and vested but currently unexercisable) representing the right to receive 8,550,000 Class C common shares; (ii) 6,000,000 Class C common shares awarded immediately prior to the consummation of our IPO pursuant to the Liquidity Event Bonus Plan, the delivery of which has been delayed until after the earlier of (x) January 1, 2025 and (y) any business combination or offer to acquire the Company that would represent a change in control of the Company; and (iii) 4,211,155 Class C common shares awarded immediately prior to the consummation of our IPO pursuant to the Founder Liquidity Bonus, the delivery of which has been delayed as described in clause (ii). Taking into account such Class C common shares, as well as the Class C common shares similarly issuable under Stock Options (including both unvested and vested (but currently unexercisable) and assuming net settlement at their respective strike prices), and awarded under the Liquidity Event Bonus Plan to direct reports of the Chief Executive Officer, directors and other officers, as applicable, Mr. Hatoum, directly or indirectly through Bolton Partners Ltd., beneficially owns approximately 45.0% of the combined voting power of our outstanding common shares. See “Item 6. Directors, Senior Management and Employees—B. Compensation—2004 Option Plan,” “Item 6. Directors, Senior Management and Employees—B.

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- Compensation—Liquidity Event Bonus Plan” and “Item 6. Directors, Senior Management and Employees—B. Compensation—Founder Liquidity Bonus.”
- (4) Mr. Jean-François Le Ruyet is a Partner at Quilvest Capital Partners. Mr. Le Ruyet disclaims beneficial ownership of Class A common shares held by vehicles managed by Quilvest Capital Partners.
- (5) Mr. Kouri’s shares are held through Mexico Offshore S.A.L., with respect to which Mr. Kouri may be deemed to have voting and dispositive power. The business address for Mexico Offshore S.A.L. is Mina El Hosn, Omar Daouk Street, Starco Center, Block B, Second Floor, Beirut, Lebanon.
- (6) Mr. Alexis Meffre is a Partner at Quilvest Capital Partners. Mr. Meffre disclaims beneficial ownership of Class A common shares held by vehicles managed by Quilvest Capital Partners.
- (7) The table above does not include: (i) 43,186,224 Class C common shares in respect of both unvested and vested (but currently unexercisable) Stock Options and (ii) 11,711,155 delayed-delivery awards under the Liquidity Event Bonus Plan and the Founder Liquidity Bonus, substantially all of which are held by our directors and executive officers (including those held by our principal shareholder as described in note (3) above).
- (8) The business address for QS BBB Inc. is Craigmuir Chambers Road Town, VG1110, British Virgin Islands. QS BBB Inc. is an affiliate of QS 3B, Inc. and QS T3B, Inc. Each is an investment vehicle managed by Quilvest Capital Partners or its affiliates. Messrs. Le Ruyet and Meffre are Partners at Quilvest Capital Partners and each disclaims beneficial ownership of Class A common shares held by vehicles managed by Quilvest Capital Partners.
- (9) The business address for QS 3B, Inc. is Craigmuir Chambers Road Town, VG1110, British Virgin Islands. QS 3B, Inc. is an affiliate of QS BBB, Inc. and QS T3B, Inc. Each is an investment vehicle managed by Quilvest Capital Partners or its affiliates. Messrs. Le Ruyet and Meffre are Partners at Quilvest Capital Partners and each disclaims beneficial ownership of Class A common shares held by vehicles managed by Quilvest Capital Partners.
- (10) The business address for QS T3B, Inc. is Craigmuir Chambers Road Town, VG1110, British Virgin Islands. QS T3B, Inc. is an affiliate of QS BBB Inc. and QS 3B, Inc. Each is an investment vehicle managed by Quilvest Capital Partners or its affiliates. Messrs. Le Ruyet and Meffre are Partners at Quilvest Capital Partners and each disclaims beneficial ownership of Class A common shares held by vehicles managed by Quilvest Capital Partners.
- (11) The business address for BBB Investments Group S.A. is Bloc Office Hub, Fifth Floor, Santa Maria Business District, Panama, Republic of Panama. Does not include 1,232,904 Class C common shares held by Bolton Partners Ltd. indirectly through BBB Investments Group S.A., and in respect of which shares Bolton Partners Ltd. maintains voting and dispositive power as described in note (3) above.
- (12) Based solely on a Schedule 13G filed by Capital International Investors on March 11, 2024; Capital International Investors (“CII”) is a division of Capital Research and Management Company (“CRMC”), as well as its investment management subsidiaries and affiliates Capital Bank and Trust Company, Capital International, Inc., Capital International Limited, Capital International Sarl, Capital International K.K., Capital Group Private Client Services, Inc., and Capital Group Investment Management Private Limited (together with CRMC, the “investment management entities”). CII’s divisions of each of the investment management entities collectively provide investment management services under the name “Capital International Investors.” The business address for Capital International Investors is 333 South Hope Street, 55th Floor, Los Angeles, California, United States 90071.
- (13) Based solely on a Schedule 13G filed by GIC Private Limited on February 9, 2024, GIC Private Limited has sole voting power and sole dispositive power over 2,378,717 shares of Class A Common Stock and shared voting power and shared dispositive power over 341,283 shares of Class A Common Stock. The business address for GIC Private Limited is 168 Robinson Road #37-01 Capital Tower, Singapore 068912.

B. RELATED PARTY TRANSACTIONS

The following is a description of certain related party transactions we have entered into or amended since January 1, 2020, including transactions with the following (other than compensation arrangements and employment agreements described under “Management”): (i) entities that control or are under common control with us, (ii) individuals that own 10% or more of the voting power in the Company and close family members thereof, (iii) executive officers of the Company and close family members thereof and (iv) directors of the Company.

Promissory Notes and Convertible Notes. As part of our financing strategy prior to our IPO, we incurred indebtedness pursuant to the Promissory Notes and Convertible Notes. The Promissory Notes were held mostly by related parties, including certain of our shareholders and certain of our executive officers. Proceeds from our IPO were used to pay the Promissory Notes in full. The table below sets forth the amounts owing to related parties under the Promissory Notes (including principal and accrued interest). See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources” for additional information about the terms of the Promissory Notes.

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In addition to the amounts set forth below, as consideration for the Promissory Note holders' agreement to extend the maturity of the Promissory Notes from May 31, 2024 to December 31, 2026, we agreed to pay, on the date the Promissory Notes were repaid with the proceeds of our IPO, an additional: (1) US\$4,100,000 to the Senior Promissory Note holders, (2) US\$230,000 to the 2017 Junior Promissory Note holders and (3) US\$20,000 to the 2020 Junior Promissory Note holders.

	Amounts Outstanding As of December 31, 2023	Amounts Outstanding As of December 31, 2022
	<i>(thousands of Ps.)</i>	<i>(thousands of Ps.)</i>
Senior Promissory Notes		
Quilvest Capital Partners ⁽¹⁾	1,162,319	1,332,297
BBB Investment Group	136,508	156,471
Sami Khouri ⁽²⁾	101,602	116,460
Other shareholders*	191,573	219,588
Executive officers**	448	513
2017 Junior Promissory Notes		
Mexico Offshore, S.A.L.	10,134	11,616
Other shareholders*	13,512	15,488
Executive officers and close family members	45,603	52,272
Other related party	1,689	1,936
2020 Junior Promissory Notes		
Other Shareholders*	1,689	1,936
Total	1,665,077	1,908,577

* Includes shareholders of the Company that individually own common shares representing less than 5% of the voting power in the Company.

** Includes executive officers of the Company that individually own common shares representing less than 1% of the voting power of the Company.

- (1) QS BBB PIK Inc. was substantially funded by limited partners that also participate directly in one of the four entities that are controlled by Quilvest Capital Partners. Entities affiliated with Quilvest Capital Partners are significant shareholders of the Company. See "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders" for additional information.
- (2) Sami Khouri is a director and a shareholder of the Company.

Advisory Fee. In connection with certain amendments to our shareholders' agreement as in effect prior to our IPO and the Senior Promissory Notes, we agreed to pay a one time US\$400,000 service fee to affiliates of Quilvest Capital Partners. Entities affiliated with Quilvest Capital Partners are significant shareholders of the Company. The service fee was payable concurrently with the payment of the Senior Promissory Notes, which occurred in February 2024.

Related Party Transaction Policy

We have a Related Party Transaction Policy which requires certain related party transactions to be approved by our board of directors.

Indemnification

Our memorandum and articles of association will require us to indemnify our directors and executive officers to the fullest extent permitted by law.

Agreements with our Directors and Executive Directors

Certain of our executive officers have entered into employment agreements with us. See "Item 6. Directors, Senior Management and Employees—B. Compensation—Agreements with our Executive Officers." As part of our

retention strategy, certain of our executive officers agreed to defer the payment of certain accrued bonuses. For the year ended December 31, 2023, deferred bonus payable to our executive officers was Ps.43,161 thousand. None of our directors have entered into service agreements with us.

Registration Rights

Holders of our Class B common shares and Class C common shares will be entitled to certain registration rights. See “Item 10. Additional Information—B. Memorandum and Articles of Association” for more information.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See “Item 18. Financial Statements” for our consolidated financial statements filed as part of this annual report.

Dividends and Dividend Policy

The amount of any dividends will depend on many factors, such as our results of operations, financial condition, cash requirements, prospects and other factors deemed relevant by our board of directors. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be made at the discretion of our board of directors and will depend on various factors, including applicable laws, our results of operations, financial condition, cash requirements, future prospects and any other factors deemed relevant by our board of directors.

As a holding company, our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries, which may further restrict our ability to pay dividends as a result of their respective jurisdictions of incorporation (including imposing legal restrictions on dividend distribution by subsidiaries), agreements of our subsidiaries or covenants under future indebtedness that we or they may incur. Our ability to pay dividends is therefore directly related to positive and distributable net results from our subsidiaries. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our holding company structure makes us dependent on the operations of our subsidiaries.”

Certain British Virgin Islands and Mexican Legal Requirements Related to Dividends

Dividends may only be paid in accordance with the provisions of our memorandum and articles of association and Section 57 of the British Virgin Islands Business Companies Act, 2004 (as amended) where the board of directors is satisfied on reasonable grounds that immediately after the payment of the dividend the value of the Company’s assets will exceed its liabilities and the Company will be able to pay its debts as they fall due. Pursuant to our memorandum and articles of association, all dividends unclaimed for three years after having been declared may be forfeited by a resolution of directors for the benefit of the Company. See “Item 10. Additional Information—B. Memorandum and Articles of Association.”

Under Mexican law, subject to the satisfaction of certain quorum requirements, only shareholders at a general meeting have the authority to declare a dividend. Although not required by law, such declarations typically follow the recommendation of the board of directors. Additionally, under Mexican law, our Mexican subsidiaries may only pay dividends if, among other things, any existing losses applicable to prior years have been made up or absorbed into shareholders’ equity and after at least 5% of net profits for the relevant fiscal year have been allocated to a legal reserve until the amount of the reserve equals 20% of a company’s paid-in capital stock.

The amount and payment of future dividends, if any, will be subject to applicable law and will depend upon a variety of factors that may be considered by our board of directors or our shareholders, including our future operating results, financial condition, capital requirements, investments in potential acquisitions or other growth opportunities, legal restrictions, contractual restrictions in our current and future debt instruments and our ability to obtain funds from our subsidiaries. Such factors may limit or prevent the payment of any future dividends and may be considered by our board of directors in recommending, or by our shareholders in approving, the payment of any future dividends.

B. SIGNIFICANT CHANGES

We are not aware of any changes bearing upon our financial condition since the date of the financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

The Company's Class A common shares have been listed on the NYSE under the symbol "TBBB" since February 9, 2024. Prior to that date, there was no public trading market for our common shares.

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

See "Item 9. The Offer and Listing—A. Offer and Listing Details."

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

General

BBB Foods Inc. is a company incorporated in the British Virgin Islands as a business company limited by shares and our affairs are governed by the provisions of our memorandum and articles of association, as amended and restated from time to time, and by the provisions of applicable British Virgin Islands law, including the Companies Act and regulations made thereunder.

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Our company number in the British Virgin Islands is 605635. As provided in our memorandum and articles of association, subject to British Virgin Islands law, we have full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and, for such purposes, full rights, powers and privileges. Our registered office is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola VG1110, British Virgin Islands.

The transfer agent and registrar for our Class A common shares, Class B common shares and Class C common shares is Computershare Trust Company, N.A., which maintains the register of shareholders for each class of our shares in New York, New York.

The following is a summary of the material provisions of our shares and our memorandum and articles of association.

Class A Common Shares

Holders of our Class A common shares may freely hold and vote their shares. The following summarizes the rights of holders of our Class A common shares:

- each holder of Class A common shares is entitled to one vote per share on all matters to be voted on by shareholders generally, including the election of directors;
- holders of Class A common shares vote together with holders of Class B common shares and Class C common shares as a single class, subject to certain exceptions described below;
- there are no cumulative voting rights;
- holders of our Class A common shares are entitled to dividends and other distributions, *pari passu* with our Class B common shares and Class C common shares, as may be declared from time to time by our board of directors out of funds legally available for that purpose, if any, and pursuant to our memorandum and articles of association, all dividends unclaimed for three years after having been declared may be forfeited by a resolution of directors for the benefit of the Company; and
- upon our liquidation, dissolution or winding up, the holders of Class A common shares will be entitled to share ratably, *pari passu* with our Class B common shares and Class C common shares, in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities.

Class B Common Shares

All of our Class B common shares are owned or controlled, directly or indirectly, by our principal shareholder. Holders of our Class B common shares may freely hold and vote their shares.

The following summarizes the rights of holders of our Class B common shares and certain restrictions applicable thereto:

- each holder of Class B common shares is entitled to 15 votes per share on all matters to be voted on by shareholders generally, including the election of directors;
- holders of Class B common shares vote together with holders of Class A common shares and Class C common shares as a single class, subject to certain exceptions described below;
- Class B common shares may not be listed on any U.S. or foreign national or regional securities exchange or market;
- there are no cumulative voting rights;

- the holders of our Class B common shares are entitled to dividends and other distributions, *pari passu* with our Class A common shares and Class C common shares, as may be declared from time to time by our board of directors out of funds legally available for that purpose, if any, and pursuant to our memorandum and articles of association, all dividends unclaimed for three years after having been declared may be forfeited by a resolution of directors for the benefit of the Company;
- upon our liquidation, dissolution or winding up, the holders of Class B common shares will be entitled to share ratably, *pari passu* with our Class A common shares and Class C common shares, in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities;
- the holders of Class B common shares have preemptive rights in connection with the issuance of any securities by us, including in the event that additional Class A common shares are issued in order to maintain their proportional ownership and voting interest, except for certain issuances of securities by us, including (i) pursuant to any employee compensation plans; (ii) as consideration for (a) any merger, consolidation or purchase of assets or (b) recapitalization or reorganization; (iii) in connection with a pro rata division of shares or dividend in specie or distribution; or (iv) pursuant to any shareholder rights plan, and holders of our Class B common shares are not entitled to the benefits of any redemption or sinking fund provisions;
- in addition to restrictions on sales and dispositions in our memorandum and articles of association described below which will apply to our Class B common shares, for a period commencing on the date of expiry of the 180-day initial lock-up period and ending 24 months after such date (the “Liquidity Lock-Up Period”), the holders of the Class B common shares may not directly or indirectly offer, sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any Class B common shares (or grant or enter into any option, warrant, convertible security, hedging arrangement or other transaction relating thereto), except for certain permitted transfers described in our memorandum and articles of association, including:
 - transfers permitted by the restrictions on sales and dispositions in our memorandum and articles of association relating to our IPO;
 - transfers that are bona fide gifts, transfers to any trust or vehicle for the direct or indirect benefit of the holders of the Class B common shares or their immediate family, transfers to affiliates, or transfers or distributions to another person that is a partner, member, shareholder or holder of similar equity interests of the holders of the Class B common shares; *provided* that such transferees continue to be bound by the same transfer restrictions during the Liquidity Lock-Up Period;
 - transfers following the consummation of our IPO pursuant to a bona fide third party tender offer, merger, consolidation or other similar transaction made to all holders of the Company’s issued shares involving a “change of control” (meaning a change in the Company’s ownership of not less than 90%) that has been approved by the board of directors; *provided* that should such a transaction not be completed, the transfer restrictions will continue to apply; and
 - following expiry of the 180-day initial lock-up period, (a) pledges of Class B common shares; or (b) sales of Class B common shares pursuant to piggy-back or demand registration rights, in accordance with customary registration rights provisions, subject to a limit of no more than two registrations per year and a minimum registration amount of US\$100 million; and

- each Class B common share will convert automatically into one Class A common share (i) upon sale into the public market; (ii) upon any transfer, whether or not for value (except for certain permitted transfers described in our memorandum and articles of association, including transfers to and between trusts or other vehicles solely for the benefit of our principal shareholder, its affiliates and/or members of the immediate family of Mr. Hatoum, its direct and indirect shareholders and partnerships, corporations and other entities exclusively owned by our principal shareholder, its affiliates and/or members of the immediate family of Mr. Hatoum); and (iii) at such time as the number of issued and outstanding Class B common shares represents less than 1.0% of the aggregate number of the aggregate common shares of the Company then outstanding. A Class B common share will convert automatically into one Class C common share upon foreclosure or enforcement of any pledge over the Class B common shares. Following the expiry of the Liquidity Lock-Up Period, a holder of Class B common shares may also at any time elect to convert a Class B common share into one Class A common share by delivering a conversion notice to the Company.

Class C Common Shares

Holders of our Class C common shares may freely hold and vote their shares. The following summarizes the rights of holders of our Class C common shares and certain restrictions applicable thereto:

- each holder of Class C common shares is entitled to one vote per share on all matters to be voted on by shareholders generally, including the election of directors;
- holders of Class C common shares vote together with holders of Class A common shares and Class B common shares as a single class, subject to certain exceptions described below;
- there are no cumulative voting rights;
- holders of our Class C common shares are entitled to dividends and other distributions, *pari passu* with our Class A common shares and Class B common shares, as may be declared from time to time by our board of directors out of funds legally available for that purpose, if any, and pursuant to our memorandum and articles of association, all dividends unclaimed for three years after having been declared may be forfeited by a resolution of directors for the benefit of the Company;
- upon our liquidation, dissolution or winding up, the holders of Class C common shares will be entitled to share ratably, *pari passu* with our Class A common shares and Class B common shares, in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities;
- in addition to restrictions on sales and dispositions in our memorandum and articles of association described below which will apply to our Class C common shares, during the Liquidity Lock-Up Period, the holders of the Class C common shares may not directly or indirectly offer, sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any Class C common shares (or grant or enter into any option, warrant, convertible security, hedging arrangement or other transaction relating thereto), except for certain permitted transfers described in our memorandum and articles of association, including:
 - transfers permitted by the restrictions on sales and dispositions in our memorandum and articles of association relating to our IPO;
 - pledges of Class C common shares;
 - transfers that are bona fide gifts, transfers to any trust or vehicle for the direct or indirect benefit of the holders of the Class C common shares or their immediate families, transfers that occur (a) as a result of the operation of law or (b) by reason of a will or under the laws of descent, or pursuant to statutes

governing the effects of a qualified domestic order or divorce settlement, provided that in each such case the transferees continue to be bound by the same transfer restrictions during the Liquidity Lock-Up Period;

- if the holder of Class C common shares is an entity, transfers to affiliates and transfers or distributions to another person that is a partner, member, shareholder or holder of similar equity interests in such entity; provided that in each such case the transferees continue to be bound by the same transfer restrictions during the Liquidity Lock-Up Period;
- transfers pursuant to a bona fide third party tender offer, merger, consolidation or other similar transaction made to all holders of the Company's issued shares involving a "change of control" (meaning a change in the Company's ownership of not less than 90%) that has been approved by the board of directors; *provided* that should such a transaction not be completed, the transfer restrictions will continue to apply; and
- following expiry of the 180-day initial lock-up period, (a) pledges of Class C common shares; (b) sales pursuant to piggy-back or demand registration rights, in accordance with customary registration rights provisions, subject to a limit of no more than two registrations per year and a minimum registration amount of US\$100 million; or (c) transfers of Class C common shares to another holder of Class C common shares;
- each Class C common share will convert automatically into one Class A common share upon (i) sale into the public market; (ii) certain transfers permitted during the Liquidity Lock-Up Period (including "change of control" transactions and piggy back or registration rights sales described above); and (iii) upon expiry of the Liquidity Lock-Up Period. Any Class C common shares that remain outstanding (but not, for the avoidance of doubt, Class B common shares) shall immediately and automatically convert into Class A common shares upon the expiry of the Liquidity Lock-Up Period. In addition, our articles of association permit the conversion of Class C common shares into Class A common shares upon the affirmative vote of holders representing at least 75% of the votes of the Class B common shares and Class C common shares voting as a single class (provided that such conversion does not take place within 18 months as of February 9, 2024).

Notwithstanding the foregoing, upon a waiver by the representatives of the underwriters of the 180-day lock-up period set forth in the underwriting agreement entered into in connection with our IPO and the approval by our board of directors of an offering of Class A common shares to the public, the Company may also permit holders of Class B common shares and/or Class C common shares to convert a portion of their shares into Class A common shares for sale in such offering.

Holders of Class A common shares will vote together with holders of Class B common shares and Class C common shares as a single class. However, in certain circumstances described in our memorandum and articles of association each class of common shares would vote separately, including if a change was proposed to the rights attaching to that class of shares in a manner that did not equally affect the other classes of common shares.

Lock-up Provisions of Our Memorandum and Articles of Association

Our memorandum and articles of association provide that, for a period of 180 days after the date of the prospectus relating to our IPO, the holders of Class B common shares and Class C common shares, subject to certain exceptions, may not directly or indirectly offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any Class A common shares, Class B common shares or Class C common shares, or any options or warrants to purchase any such shares, or any securities convertible into, exchangeable for or that represent the right to receive such shares, whether owned at the time of our IPO or later acquired, engage in any hedging or other transaction which is designed to or which reasonably be expected to lead to or result in a sale or

disposition of Class A common shares, Class B common shares or Class C common shares, including any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to such shares or securities convertible into or exchangeable for such shares.

The lock-up provisions of our memorandum and articles of association do not apply to: (1) bona fide gifts; (2) transfers to any trust or other vehicle for the direct or indirect benefit of holders of the Company's common shares or their immediate families; (3) transfers that occur (a) as a result of the operation of law or (b) by reason of a will or under the laws of descent, or pursuant to statutes governing the effects of a qualified domestic order or divorce settlement; (4) transfers pursuant to final non-appealable judgments or court orders; (5) transactions relating to the Company's common shares or other securities acquired (a) from the underwriters in our IPO or (b) in the open market after the completion of our IPO; (6) transfers following the consummation of our IPO, pursuant to a bona fide third party tender offer, merger, consolidation or other similar transaction made to all holders of the Company's issued shares involving a "change of control" (meaning a change in the Company's ownership of not less than 90%) that has been approved by the board of directors; *provided* that should such a transaction not be completed, the lock-up restrictions will continue to apply; (7) transfers or distributions to partners, members, shareholders or holders of similar equity interest in the holder; (8) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act; or (9) upon foreclosure of a pledge, if the pledgee was a shareholder prior to our IPO.

In addition to restrictions on sales and dispositions in our memorandum and articles of association relating to our IPO described above, the Liquidity Lock-Up Period will be in force for a period commencing on the date of expiry of the 180-day initial lock-up period and ending 24 months after such date, during which the holders of Class B common shares and Class C common shares may not directly or indirectly offer, sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any Class B common shares or Class C common shares (or grant or enter into any option, warrant, convertible security, hedging arrangement or other transaction relating thereto), except for certain permitted transfers described in our memorandum and articles of association.

Registration Rights

Our memorandum and articles of association grant holders of our Class B common shares and Class C common shares customary registration rights for the resale of the Class A common shares into which the Class B common shares and Class C common shares held by them are convertible. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. Class A common shares covered by a registration statement will be eligible for sales in the public market upon the expiration, or their release from the terms of, the lock-up provisions of our memorandum and articles of association described above and under "Item 10. Additional Information—B. Memorandum and Articles of Association." Any sales of Class A common shares by these shareholders could have a material adverse effect on the trading price of our Class A common shares.

Preferred Shares

Our board of directors may resolve to amend our memorandum and articles of association by resolution of directors to authorize us to issue one or more new classes of preferred shares and may determine the rights, privileges, restrictions and conditions attaching to each such class of preferred shares (which may be more favorable than those attaching to the common shares), as the board of directors may determine in its sole and absolute discretion, including without limitation:

- the number of shares constituting the additional class of preferred shares;
- the dividend and other distribution rights of the class of preferred shares (which may be payable in preference to, or in relation to, the dividends payable on our common shares or any other class or classes of shares);
- whether the class of preferred shares shall have voting rights and, if so, whether they shall vote separately or together as a single class with the common shares and/or any other class of shares;

- whether the class of preferred shares shall have conversion and/or exchange rights and privileges and, if so, the terms and conditions of such conversion and/or exchange;
- whether the class of preferred shares shall impose conditions and restrictions upon the business and affairs of the Company and/or any of its subsidiaries or the right to approve and/or veto certain matters and/or to appoint and/or remove one or more directors of the Company; and
- the rights of the preferred shares in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, including, without limitation, any liquidation preference and whether such rights shall be in preference to, or in relation to, the comparable rights of the common shares or any other class or classes of shares.

Shareholders' Meetings and Consents

The following summarizes certain relevant provisions of British Virgin Islands laws and our memorandum and articles of association in relation to our shareholders' meetings:

- our memorandum and articles of association contemplate two types of shareholders' meetings, namely:
 - an annual meeting of shareholders (each an "annual meeting"); and
 - any meeting of shareholders which is not an annual meeting (each a "special meeting");
- only the board of directors may convene an annual meeting. The first annual meeting following our IPO shall take place on a date to be determined by the board of directors which shall not be later than April 2025 (or such other date determined by resolution of directors and notified to shareholders), and thereafter an annual meeting shall be held in each calendar year. All annual meetings shall be held at such date, time and place, either within or outside the British Virgin Islands, and may be held virtually, as shall be determined from time to time by the board of directors. The business of an annual meeting shall be the election and re-election of directors for those board seats whose terms expire at such meeting and any other items of business proposed by the board of directors and/or otherwise duly proposed by eligible shareholders in accordance with our memorandum and articles of association;
- special meetings may be called by: (i) the Chief Executive Officer; (ii) the Chairman of the board of directors; (iii) the majority of the board of directors; or (iv) the shareholders entitled to exercise at least 30% of the outstanding voting rights in respect of the matter for which the meeting is requested. A special meeting may be held at such date, time and place, within or outside the British Virgin Islands, as shall be stated in the notice of the meeting;
- director elections and re-elections by shareholders may occur only at annual meetings (not special meetings) and then only in respect of those board seats whose terms expire at such meeting. Nominations of persons for election or re-election as directors of the Company at an annual meeting may only be made by (i) the board of directors; or (ii) any shareholder (or shareholders collectively) holding not less than 5% of the voting rights that may be exercised at the annual meeting entitled to attend and vote at such meeting, provided the various restrictions, conditions and provision of information and other procedural requirements set out in our memorandum and articles of association have been met by the nominating shareholders. The board of directors will also retain discretion to veto inappropriate candidates nominated by shareholders for election as a director in certain enumerated circumstances, including (a) where the candidate is not qualified, does not have the necessary experience, has a conflict of interest, is on the board of directors of a competitor or is otherwise unsuitable or unfit for office; and (b) where an appointment may adversely affect the Company's (and/or its subsidiaries' respective) reputation or business; or would result in the Company not having the required number of independent directors for its audit committee; or would result in the Company losing its "foreign private issuer" status;

- written notice of any shareholder meeting shall be given to each shareholder entitled to vote at such meeting and each director not fewer than 10 nor more than 120 days before the date of the meeting. The inadvertent failure or accidental omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice shall not invalidate the shareholder meeting or the proceedings at that meeting. A meeting of shareholders held in contravention of such notice requirements is valid if shareholders holding at least 90% of the total voting rights on all the matters to be considered at the meeting have waived notice of the meeting and, for this purpose, the presence of a shareholder at the meeting shall be deemed to constitute waiver on his part;
- a shareholder may be represented at a meeting of shareholders by a proxy who may speak and vote on behalf of the shareholder;
- a meeting of shareholders is duly constituted and quorate if, at the commencement of the meeting, there are present in person or by proxy holders of not less than 30% of the votes of the shares entitled to vote on the resolutions to be considered at the meeting;
- if within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved; in any other case it shall be adjourned to the next business day in the jurisdiction in which the meeting was to have been held at the same time and place or to such other date, time and place as the directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than 30% of the votes of the shares or each class or series of shares entitled to vote on the matters to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall be dissolved. Notice of the adjourned meeting need not be given if the date, time and place of such meeting are announced at the meeting at which the adjournment is taken;
- a resolution of shareholders is valid if approved at a duly convened and constituted meeting of shareholders by the affirmative vote of a majority of the votes of the shares entitled to vote thereon which were present at the meeting and were voted (although approval of certain matters, including removal of directors without cause, certain amendments to our constitution without the consent of our board of directors and a voluntary liquidation require a special resolution of shareholders approved by not less than two-thirds of the votes of the shares entitled to vote thereon); and
- in addition, in order to nominate candidates for election as a director at an annual meeting or propose topics for consideration at an annual meeting or special meeting of shareholders, shareholders must notify the Company in writing prior to the meeting at which directors are to be elected or the proposals are to be acted upon, and such notice must contain the documentation and information specified in our memorandum and articles of association. To be timely, notice with respect to an annual meeting of shareholders must be received by not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the first anniversary of the preceding year's annual meeting (provided that if the Company did not have an annual meeting the preceding year not later than the close of business on February 1 of the calendar year in which the annual meeting is to be held or such other date notified to shareholders by the board of directors). In the case of any business or other matter to be considered at a special meeting of shareholders, notice of such business or other matter must be included with the original requisition notice. Various other restrictions, conditions and provision of information and other procedural requirements set out in our memorandum and articles of association shall also apply. Such advance notice requirements and other provisions may preclude or limit the ability of shareholders to nominate candidates for election as a director or propose topics for consideration at a meeting of shareholders.

We expect that the first meeting of shareholders following our IPO will be held no later than April 2025.

British Virgin Islands Company Considerations

Our corporate affairs are governed by our memorandum and articles of association and the provisions of applicable British Virgin Islands law, including the Companies Act. The Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of some significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders. A brief discussion of certain other provisions of the Companies Act and British Virgin Islands law also follows.

We cannot predict whether British Virgin Islands courts would reach the same conclusions based on a particular set of facts as the U.S. courts would be expected to reach. Thus, you may have more difficulty in protecting your interests in the face of actions by the Company, management, directors or principal shareholder than would shareholders of a corporation incorporated in a United States jurisdiction, which has developed a substantial body of case law. The following table provides a comparison between the statutory provisions of the Companies Act together with the provisions of our memorandum and articles of association) and the Delaware General Corporation Law relating to shareholders' rights.

British Virgin Islands	Delaware
Shareholders' Voting Rights	
Any person authorized to vote may be represented at a meeting by a proxy who may speak and vote on behalf of the member.	Any person authorized to vote may authorize another person or persons to act for him by proxy.
Quorum is fixed by our memorandum and articles of association, to consist of the holder or holders present in person or by proxy entitled to exercise not less than 30% of the votes of the shares entitled to vote on the resolutions.	For stock corporations, the charter or by-laws may specify the number to constitute a quorum but in no event shall a quorum consist of less than one-third of shares entitled to vote at a meeting. In the absence of such specifications, a majority of shares shall constitute a quorum.
Under our memorandum and articles of association, subject to any rights or restrictions attached to any shares, at any general meeting every shareholder who is present in person or by proxy shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for each Class A common share and Class C common share of which such shareholder is the holder and 15 votes per Class B common share of which such shareholder is the holder. The chair is responsible for deciding in such manner as they consider appropriate whether any resolution proposed has been carried or not and the result of their decision shall be announced to the general meeting and recorded in the minutes of the general meeting. If the chair has any doubt as to the outcome of the vote on a proposed resolution, they shall cause a poll to be taken of all votes cast upon such resolution. If the chair fails to take a poll then any shareholder present in person or by proxy who disputes the announcement by the chair of the result of any vote may immediately following such announcement demand that a poll be taken and the chair shall cause a poll to be taken. If a poll is taken at any general meeting, the result shall be announced to the general meeting and recorded in the minutes of the general meeting.	For non-stock companies, the charter or by-laws may specify the number of shareholders to constitute a quorum. In the absence of this, one-third of the shareholders shall constitute a quorum.

British Virgin Islands

Changes in the rights of shareholders that affect all shareholders equally require approval of a majority of shareholders. Changes to the class rights attaching to the Class A common shares, Class B common shares or Class C common shares as set forth in our memorandum and articles of association may require approval by way of resolution of a majority of those outstanding Class A common shares, Class B common shares or Class C common shares, respectively, attending a meeting of such class and voting in respect of such resolution.

However, the above is subject to any greater majority required under our memorandum and articles of association or the Companies Act, provided that for these purposes the creation, designation or issue of preferred shares with rights and privileges ranking in priority to an existing class of shares shall be deemed not to be a change or variation of the rights of such existing class.

The memorandum and articles of association do not provide for cumulative voting.

All other matters to be decided upon by the shareholders require a majority vote of shareholders who being so entitled attend and vote at the general meeting, unless the Companies Act or the memorandum and articles of association requires a higher majority. Our memorandum and articles of association in certain circumstances require a higher majority. Our memorandum and articles of association also may be amended by resolution of directors, including to create the rights, preferences, designations and limitations attaching to any blank check preferred shares.

Delaware

Except as provided in the charter documents, changes in the rights of shareholders as set forth in the charter documents require approval of a majority of its shareholders.

The charter documents may provide for cumulative voting.

Directors

Board must consist of at least one director.

Board must consist of at least one member.

Directors are appointed for the term, if any, fixed by the resolution appointing them, or until their earlier death, resignation or removal. If no term is fixed on the appointment of a Director, the Director shall serve indefinitely until their earlier death, resignation or removal. Our memorandum and articles of association fix a rotating three year term to elect directors for each of our three classes of directorships.

Fiduciary Duties

Directors and officers owe statutory and fiduciary duties at common law and under statute as follows:

(a) Duty to act honestly and in good faith in what the directors believe to be in the best interests of the company;

Directors and officers must act in good faith, with the care of a prudent person, and in the best interest of the corporation.

Directors and officers must refrain from self-dealing, usurping corporate opportunities and receiving improper personal benefits.

British Virgin Islands

(b) Duty to exercise powers for a proper purpose and directors shall not act, or agree to act, in a matter that contravenes the Companies Act or our memorandum and articles of association.

Duty to exercise the care, diligence and skill that a reasonable director would exercise in the circumstances taking into account, without limitation:

(a) the nature of the company;

(b) the nature of the decision; and

(c) the position of the director and the nature of the responsibilities undertaken by him.

The Companies Act provides that a director of a company shall, immediately after becoming aware of the fact that they are interested in a transaction entered into, or to be entered into, by the company, disclose the interest to the board of directors of the company.

However, the failure of a director to disclose that interest does not affect the validity of a transaction entered into by the director or the company, so long as the transaction was not required to be disclosed because the transaction is between the company and the director themselves and is in the ordinary course of business and on usual terms and conditions. Additionally, the failure of a director to disclose an interest does not affect the validity of the transaction entered into by the company if (a) the material facts of the interest of the director in the transaction are known by the shareholders and the transaction is approved or ratified by a resolution of shareholders entitled to vote at a meeting of shareholders or (b) the company received fair value for the transaction.

Pursuant to the Companies Act and our memorandum and articles of association, so long as a director has disclosed any interests in a transaction entered into or to be entered into by the company to the board of directors they may:

(a) vote on a matter relating to the transaction;

(b) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum; and

(c) sign a document on behalf of the company, or do any other thing in their capacity as a director, that relates to the transaction.

Delaware

Decisions made by directors and officers on an informed basis, in good faith and in the honest belief that the action was taken in the best interest of the corporation will be protected by the “business judgment rule.”

Directors may vote on a matter in which they have an interest so long as the director has disclosed any interests in the transaction.

Shareholders’ Derivative Actions

British Virgin Islands

Generally speaking, the company is the proper plaintiff in any action affecting the company. A shareholder may, with the permission of the British Virgin Islands court, bring an action or intervene in a matter in the name of the company, in certain circumstances. Such actions are known as derivative actions. The British Virgin Islands court may only (but is not obliged to) grant permission to bring a derivative action where the following circumstances apply:

(a) the company does not intend to bring, diligently continue or defend or discontinue the proceedings; and

(b) it is in the interests of the company that the conduct of the proceedings not be left to the directors or to the determination of the shareholders as a whole.

When considering whether to grant leave, the British Virgin Islands court is also required to have regard to the following matters:

(a) whether the shareholder is acting in good faith;

(b) whether a derivative action is in the interests of the company, taking into account the directors' views on commercial matters;

(c) whether the action is likely to succeed;

(d) the costs of the proceedings in relation to the relief likely to be obtained; and

(e) whether another alternative remedy to the derivative action is available.

As noted above, the Companies Act differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of some of the significant provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Act provides for “mergers” as that expression is understood under United States corporate law. Under the Companies Act, two or more companies may either merge into one of such existing companies (the “surviving company”) or consolidate with both existing companies ceasing to exist and forming a new company (the “consolidated company”). The procedure for a merger or consolidation between the company and another company (which need not be a British Virgin Islands company, and which may be the company’s parent or subsidiary, but need not be) is set out in the Companies Act. The directors of the British Virgin Islands company or British Virgin Islands companies which are to merge or consolidate must approve a written plan of merger or consolidation which, with the exception of a merger between a parent company and its subsidiary, must also be approved by a resolution of the shareholders who are entitled to vote and actually vote at a quorate meeting of shareholders (or by written resolution of the shareholders) of the British Virgin Islands company or British Virgin Islands companies which are to merge. A foreign company which is able to participate in the merger or consolidation under the laws of its foreign jurisdiction is required by the Companies Act to comply with the laws of that foreign jurisdiction in relation to the merger or consolidation. The company must then execute articles of merger or consolidation, containing certain prescribed details. The plan and articles of merger or consolidation are then filed with the Registrar of Corporate Affairs in the British Virgin Islands. The Registrar then registers the articles of merger or consolidation and any amendment to the memorandum and articles of the

Delaware

In any derivative suit instituted by a shareholder of a corporation, it shall be averred in the complaint that the plaintiff was a shareholder of the corporation at the time of the transaction of which he complains or that such shareholder’s stock thereafter devolved upon such shareholder by operation of law.

Complaint shall set forth with particularity the efforts of the plaintiff to obtain the action by the board of directors or the reasons for not making such effort.

Such action shall not be dismissed or compromised without the approval of the Chancery Court.

If we were a Delaware corporation, a shareholder whose shares were cancelled in connection with our dissolution, would not be able to bring a derivative action against us after the common shares have been cancelled.

surviving company in a merger or the memorandum and articles of association of the new consolidated company in a consolidation and issue a certificate of merger or consolidation (which is conclusive evidence of compliance with all requirements of the Companies Act in respect of the merger or consolidation). The merger is effective on the date that the articles of merger are registered with the Registrar or on such subsequent date, not exceeding thirty days, as is stated in the articles of merger or consolidation.

As soon as a merger becomes effective:

- (a) the surviving company or consolidated company (so far as is consistent with its memorandum and articles of association, as amended or established by the articles of merger or consolidation) has all rights, privileges, immunities, powers, objects and purposes of each of the constituent companies;
- (b) in the case of a merger, the memorandum and articles of association of any surviving company are automatically amended to the extent, if any, that changes to its amended memorandum and articles of association are contained in the articles of merger or, in the case of a consolidation, the memorandum and articles of association filed with the articles of consolidation are the memorandum and articles of the consolidated company;
- (c) assets of every description, including choses-in-action and the business of each of the constituent companies, immediately vest in the surviving company or consolidated company;
- (d) the surviving company or consolidated company is liable for all claims, debts, liabilities and obligations of each of the constituent companies;
- (e) no conviction, judgment, ruling, order, claim, debt, liability or obligation due or to become due, and no cause existing, against a constituent company or against any member, director, officer or agent thereof, is released or impaired by the merger or consolidation; and
- (f) no proceedings, whether civil or criminal, pending at the time of a merger by or against a constituent company, or against any member, director, officer or agent thereof, are abated or discontinued by the merger or consolidation; but:
 - (i) the proceedings may be enforced, prosecuted, settled or compromised by or against the surviving company or consolidated company or against the member, director, officer or agent thereof; as the case may be; or
 - (ii) the surviving company or consolidated company may be substituted in the proceedings for a constituent company.

The Registrar shall strike off the register of companies each constituent company that is not the surviving company in the case of a merger and all constituent companies in the case of a consolidation.

If the directors determine it to be in the best interests of the company, it is also possible for a merger to be approved as a court approved plan of arrangement or scheme of arrangement in accordance with the Companies Act.

Poison Pill Defenses. Under the Companies Act, there are no provisions which specifically prevent the issuance of preferred shares or any such other ‘poison pill’ measures and there is relevant jurisprudence which support the legality of the Company adopting “poison pill” measures. Our memorandum and articles of association expressly permit the creation and issuance of preferred shares. Therefore, the directors may issue preferred shares that have characteristics that may be deemed to be anti-takeover without the approval of the holders of common shares. Additionally, such a designation of shares may be used in connection with plans that are poison pill plans. As noted above under the Companies Act, a director in the exercise of his powers and performance of his duties is required to act honestly and in good faith in what the director believes to be the best interests of the company.

Directors. The directors are divided into three classes designated Class I, Class II and Class III. Each director shall serve for a term ending on the date of the third annual general meeting of the shareholders following the annual general meeting of the shareholders at which such director was elected and subject to the provisions of our memorandum and articles of association, and being understood that for the first designation, directors designated as Class I directors shall serve for a term ending on the date of the first annual general meeting of shareholders following our IPO, directors initially designated as Class II directors shall serve for a term ending on the second annual general meeting of shareholders following our IPO, and directors initially designated as Class III directors shall serve for a term ending on the date of the third annual general meeting of the shareholders following the our IPO. There is nothing under the laws of the British Virgin Islands which specifically prohibits or restricts the creation of cumulative voting rights for the election of our directors. However, our memorandum and articles of association do not provide for cumulative voting for such elections.

Our memorandum and articles of association provide that, subject to any rights of holders of preferred shares to elect additional directors under specified circumstances, the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by our board of directors. Our memorandum and articles of association also provide that, subject to the rights granted to one or more series of preferred stock then outstanding, any vacancies on our board of directors will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum.

There are no share ownership qualifications for directors.

Meetings of our board of directors may be convened at any time by any of our directors.

A meeting of our board of directors will be quorate if at least a majority of the directors are present. At any meeting of our directors, each director is entitled to one vote. Questions arising at a meeting of our board of directors are required to be decided by simple majority votes of the directors present or represented at the meeting (except for certain matters which require the approval of two-thirds of the directors, including the removal of directors without cause and the removal of the chief executive officer). Our board of directors also may pass resolutions without a meeting by written consent.

Agents and Officers. Our board of directors has the power to appoint any person (whether or not a director or other officer of the company) to be an agent and/or officer of the company.

When appointing an agent or officer of the company, our directors may authorize the agent or officer to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent or officer. Our directors may remove an agent or officer and may revoke or vary a power conferred on them.

Indemnification of Directors. Our memorandum and articles of association provide that, subject to certain limitations, the company shall indemnify its directors and officers against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings. Such indemnity only applies if the person acted honestly and in good faith with a view to the best interests of the company and, in the case of criminal proceedings, the person had no reasonable cause to believe that their conduct was unlawful. The decision of the directors as to whether the person acted honestly and in good faith and with a view to the best interests of the company and as to whether the person had no reasonable cause to believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of the memorandum and articles of association, unless a question of law is involved. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a *nolle prosequi* does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the company or that the person had reasonable cause to believe that his conduct was unlawful.

Directors and Conflicts of Interest. As noted in the table above, pursuant to the Companies Act and a company's memorandum and articles of association, a director of a company who has an interest in a transaction and who has declared such interest to the other directors, may:

- (a) vote on a matter relating to the transaction;

- (b) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum; and
- (c) sign a document on behalf of the company, or do any other thing in their capacity as a director, that relates to the transaction.

Shareholders' Suits. Our British Virgin Islands counsel is not aware of any reported class action having been brought in a British Virgin Islands court. The enforcement of the company's rights will ordinarily be a matter for its directors.

In certain limited circumstances, a shareholder has the right to seek various remedies against the company in the event the directors are in breach of their duties under the Companies Act. Pursuant to Section 184B of the Companies Act, if a company or director of a company engages in, or proposes to engage in or has engaged in, conduct that contravenes the provisions of the Companies Act or the memorandum and articles of association of the company, the British Virgin Islands court may, on application of a shareholder or director of the company, make an order directing the company or director to comply with, or restraining the company or director from engaging in conduct that contravenes the Companies Act or the memorandum and articles of association. Furthermore, pursuant to section 184I(1) of the Companies Act a shareholder of a company who considers that the affairs of the company have been, are being or likely to be, conducted in a manner that is, or any acts of the company have been, or are likely to be oppressive, unfairly discriminatory, or unfairly prejudicial to him in that capacity, may apply to the British Virgin Islands court for an order which, inter alia, can require the company or any other person to pay compensation to the shareholders.

The Companies Act provides for a series of remedies available to shareholders. Where a company incorporated under the Companies Act conducts some activity, which breaches the Companies Act or the company's memorandum and articles of association, the court can issue a restraining or compliance order. Under the Companies Act, a shareholder of a company may bring an action against the company for breach of a duty owed by the company to him as a member. A shareholder also may, with the permission of the British Virgin Islands court, bring an action or intervene in a matter in the name of the company, in certain circumstances. Such actions are known as derivative actions. As noted above, the British Virgin Islands court may only (but is not obliged to) grant permission to bring a derivative action where the following circumstances apply:

- (a) the company does not intend to bring, diligently continue or defend or discontinue proceedings; and
- (b) it is in the interests of the company that the conduct of the proceedings not be left to the directors or to the determination of the shareholders as a whole.

When considering whether to grant leave, the British Virgin Islands court is also required to have regard to the following matters:

- (a) whether the shareholder is acting in good faith;
- (b) whether a derivative action is in the company's best interests, taking into account the directors' views on commercial matters;
- (c) whether the action is likely to proceed;
- (d) the costs of the proceedings; and
- (e) whether an alternative remedy is available.

Any member of a company may apply to the British Virgin Islands court under the Insolvency Act for the appointment of a liquidator to liquidate the company and the court may appoint a liquidator for the company if it is of the opinion that it is just and equitable to do so.

The Companies Act provides that any shareholder of a company is entitled to payment of the fair value of their shares upon dissenting from any of the following:

- (a) a merger if the company is a constituent company, unless the company is the surviving company and the member continues to hold the same or similar shares;
- (b) a consolidation if the company is a constituent company;
- (c) any sale, transfer, lease, exchange or other disposition of more than 50% in value of the assets or business of the company if not made in the usual or regular course of the business carried on by the company but not including:
 - (i) a disposition pursuant to an order of the court having jurisdiction in the matter;
 - (ii) a disposition for money on terms requiring all or substantially all net proceeds to be distributed to the members in accordance with their respective interest within one year after the date of disposition; or
 - (iii) a transfer pursuant to the power of the directors to transfer assets for the protection thereof;
- (d) a compulsory redemption of 10%, or fewer of the issued shares of the company required by the holders of 90%, or more of the shares of the company pursuant to the terms of the Act; and
- (e) a plan of arrangement, if permitted by the British Virgin Islands court.

Generally, any other claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the British Virgin Islands or their individual rights as shareholders as established by the company's memorandum and articles of association. There are common law rights for the protection of shareholders that may be invoked, largely derived from English common law. Under the general English company law known as the rule in *Foss v. Harbottle*, a court will generally refuse to interfere with the management of a company at the insistence of a minority of its shareholders who express dissatisfaction with the conduct of the company's affairs by the majority or the board of directors. However, every shareholder is entitled to seek to have the affairs of the company conducted properly according to law and the constituent documents of the corporation. As such, if those who control the company have persistently disregarded the requirements of company law or the provisions of the company's memorandum and articles of association, then the courts may grant relief. Generally, the areas in which the courts will intervene are the following:

- (a) a company is acting or proposing to act illegally or beyond the scope of its authority;
- (b) the act complained of, although not beyond the scope of the authority, could only be effected if duly authorized by more than the number of votes which have actually been obtained;
- (c) the individual rights of the plaintiff shareholder have been infringed or are about to be infringed; or
- (d) those who control the company are perpetrating a "fraud on the minority."

Compulsory Acquisition. Under the Companies Act, subject to any limitations in a company's memorandum or articles, members holding 90% of the votes of the outstanding shares entitled to vote, and members holding 90% of the votes of the outstanding shares of each class of shares entitled to vote, may give a written instruction to the company directing the company to redeem the shares held by the remaining members. Upon receipt of such written instruction, the company shall redeem the shares specified in the written instruction, irrespective of whether or not the shares are by their terms redeemable. The company shall give written notice to each member whose shares are to be redeemed stating the redemption price and the manner in which the redemption is to be effected. A member whose shares are to be so redeemed is entitled to dissent from such redemption, and to be paid the fair value of his shares, as described under "Shareholders' Suits."

Share Repurchases and Redemptions. As permitted by the Companies Act and our memorandum and articles of association, shares may be repurchased, redeemed or otherwise acquired by us. Depending on the circumstances of the redemption or repurchase, our directors may need to determine that immediately following the redemption or repurchase we will be able to satisfy our debts as they fall due and the value of our assets exceeds our liabilities. Our directors may only exercise this power on our behalf, subject to the Companies Act, our memorandum and articles of association and to any applicable requirements imposed from time to time by the SEC, the New York Stock Exchange or any other stock exchange on which our securities are listed.

Dividends. Subject to the Companies Act and our memorandum and articles of association, our directors may declare dividends at a time and amount they think fit if they are satisfied, on reasonable grounds, that, immediately after distribution of the dividend, the value of our assets will exceed our liabilities and we will be able to pay our debts as they fall due. No dividend shall carry interest against us.

Rights of Non-resident or Foreign Shareholders and Disclosure of Substantial Shareholdings. There are no limitations imposed by our memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Untraceable Shareholders. Under our memorandum and articles of association, we are entitled to sell any shares of a shareholder who is untraceable, as long as:

- (a) all checks, not being less than three in total number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of twelve years;
- (b) we have not during that time or before the expiry of the three-month period referred to in (c) below received any indication of the existence of the shareholder or person entitled to such shares by death, bankruptcy or operation of law; and
- (c) upon expiration of the 12-year period, we have caused an advertisement to be published in newspapers, giving notice of our intention to sell these shares, and a period of three months or such shorter period has elapsed since the date of such advertisement.

The net proceeds of any such sale shall belong to us, and when we receive these net proceeds we shall become indebted to the former shareholder for an amount equal to such net proceeds.

Transfer of Shares. Subject to any applicable provisions and restrictions set forth in our memorandum and articles of association, any of our shareholders may transfer all or any of his or her shares in accordance with the laws, rules, procedures and other requirements applicable to shares listed on the New York Stock Exchange.

Inspection of Books and Records. Under the Companies Act, members of the general public via a British Virgin Islands registered agent or legal practitioner, on payment of a nominal fee, can obtain copies of the public records of a company available at the office of the Registrar which will include the company's certificate of incorporation, its memorandum and articles of association (with any amendments) and records of license fees paid to date and will also disclose any articles of dissolution, articles of merger and a register of charges if the company has elected to file such a register. Upon payment of an additional search fee, the names of the current directors are also available.

A member of a company is entitled, on giving written notice to the company, to inspect:

- (a) the memorandum and articles of association;
- (b) the register of members;
- (c) the register of directors; and

- (d) the minutes of meetings and resolutions of members and of those classes of members of which he is a member; and to make copies of or take extracts from the documents and records referred to in (a) to (d) above.

Notwithstanding the foregoing, and subject to our memorandum and articles of association, the directors may, if they are satisfied that it would be contrary to the company's interests to allow a member to inspect any document, or part of a document, specified in (b), (c) or (d) above, refuse to permit the member to inspect the document or limit the inspection of the document, including limiting the making of copies or the taking of extracts from the records. Our memorandum and articles of association do not prohibit the directors from refusing an inspection.

Where a company fails or refuses to permit a member to inspect a document or permits a member to inspect a document subject to limitations, that member may apply to the British Virgin Islands court for an order that he should be permitted to inspect the document or to inspect the document without limitation.

Dissolution; Winding Up. As permitted by the Companies Act and our memorandum and articles of association, the Company may be voluntarily liquidated under Part XII of the Companies Act by resolution of directors and resolution of shareholders if we have no liabilities or we are able to pay our debts as they fall due.

The Company may also be wound up in circumstances where we are insolvent in accordance with the terms of the Insolvency Act.

Anti-Money Laundering Laws. In order to comply with legislation or regulations aimed at the prevention of money laundering we are required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to verify their identity. Where permitted, and subject to certain conditions, we also may delegate the maintenance of our anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

We reserve the right to request such information as is necessary to verify the identity of a subscriber. In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, we may refuse to accept the application, in which case any funds received will be returned without interest to the account from which they were originally debited.

If any person resident in the British Virgin Islands knows or suspects that another person is engaged in money laundering or terrorist financing and the information for that knowledge or suspicion came to their attention in the course of their business the person will be required to report his belief or suspicion to the Financial Investigation Agency of the British Virgin Islands, pursuant to the Proceeds of Criminal Conduct Act 1997 (as amended). Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

C. MATERIAL CONTRACTS

We have not entered into any material contracts during the preceding two years which were outside the ordinary course of business.

D. EXCHANGE CONTROLS

There are currently no exchange control regulations in the British Virgin Islands applicable to us or our shareholders.

E. TAXATION

The following summary contains a description of certain British Virgin Islands, Mexican and U.S. federal income tax consequences of the acquisition, ownership and disposition of our Class A common shares. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase

the Class A common shares, is not applicable to all categories of investors, some of which may be subject to special rules, and does not address all of the British Virgin Islands, Mexican and U.S. federal income tax considerations applicable to any particular holder. The summary is based upon the tax laws of the British Virgin Islands, Mexico and the United States and regulations thereunder as of the date hereof, which are subject to change.

Prospective purchasers of our Class A common shares should consult their own tax advisors about the particular British Virgin Islands, Mexican and U.S. federal, state, local and other tax consequences to them of the acquisition, ownership and disposition of our Class A common shares.

British Virgin Islands Tax Considerations

The Government of the British Virgin Islands does not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Company or its security holders who are not tax resident in the British Virgin Islands.

We are not liable to pay any form of taxation in the British Virgin Islands and all dividends, interest, rents, royalties, compensations and other amounts paid by us to persons who are not persons resident in the British Virgin Islands are exempt from all forms of taxation in the British Virgin Islands and any capital gains realized with respect to any shares, debt obligations, or other securities of ours by persons who are not persons resident in the British Virgin Islands are exempt from all forms of taxation in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligation or other securities of ours.

Subject to the payment of stamp duty on the acquisition of property in the British Virgin Islands by us (and in respect of certain transactions in respect of the shares, debt obligations or other securities of British Virgin Islands incorporated companies owning land in the British Virgin Islands), all instruments relating to transfers of property to or by us and all instruments relating to transactions in respect of the shares, debt obligations or other securities of ours and all instruments relating to other transactions relating to our business are exempt from payment of stamp duty in the British Virgin Islands.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to us or our shareholders.

Certain Mexican Tax Considerations

This summary is provided for non-Mexican Holders (as defined below) that acquire the Class A common shares and does not address tax consequences to holders that are regarded as tax-resident in Mexico for tax purposes.

The Company is a non-Mexican resident for tax purposes given that its administration and place of effective management are located outside of Mexico. Any capital gains realized or dividend distributions received by non-Mexican Holders with respect to Class A common shares will not be deemed as Mexican-sourced income, and thus will not be subject to Mexican taxation.

For purposes of this summary, the term “non-Mexican Holder” shall mean a beneficial owner of Class A common shares that is not a resident of Mexico for tax purposes and does not conduct a business through a permanent establishment in Mexico for tax purposes.

There are no Mexican inheritance, gift, succession, or value added taxes applicable to the purchase, ownership, or disposition of the Class A common shares by non-Mexican Holders.

Certain United States Federal Income Tax Considerations

The following discussion describes certain U.S. federal income tax consequences of the ownership and disposition of our Class A common shares. This discussion deals only with Class A common shares that are held as capital assets by a U.S. Holder (as defined below).

As used herein, the term “U.S. Holder” means a beneficial owner of our Class A common shares that is, for U.S. federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust; or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

This discussion is based upon provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions thereunder, all as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below.

This discussion does not represent a detailed description of the U.S. federal income tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws, including if you are:

- a dealer or broker in securities;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding our Class A common shares as part of an integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of all of our outstanding stock (by vote or value);
- a partnership or other pass-through entity for U.S. federal income tax purposes;

- a person required to accelerate the recognition of any item of gross income with respect to our Class A common shares as a result of such income being recognized on an applicable financial statement; or
- a person whose “functional currency” for U.S. federal income tax purposes is not the U.S. dollar.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our Class A common shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or partner of a partnership holding our Class A common shares, you should consult your tax advisors.

This summary does not contain a detailed description of all the U.S. federal income tax consequences to you in light of your particular circumstances and does not address the Medicare tax on net investment income, U.S. federal estate and gift taxes or the effects of any state, local or non-U.S. tax laws. If you are considering the purchase of our Class A common shares, you should consult your own tax advisors concerning the particular U.S. federal income tax consequences to you of the ownership and disposition of our Class A common shares, as well as the consequences to you arising under other U.S. federal tax laws (such as estate and gift tax laws) and the laws of any other taxing jurisdiction.

Except as specifically noted below under “—Passive Foreign Investment Company,” the following discussion assumes we are not, and will not be, a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes.

Taxation of Dividends

The gross amount of distributions on our Class A common shares will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital, causing a reduction in your tax basis in the Class A common shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain recognized on a sale or exchange (as discussed below under “—Taxation of Sales or Exchanges”). We do not, however, expect to determine earnings and profits in accordance with U.S. federal income tax principles. Therefore, you should expect that a distribution will generally be reported as a dividend for U.S. federal income tax purposes.

Any dividends that you receive (including any withheld taxes) will be includable in your gross income as ordinary income from foreign sources on the day actually or constructively received by you. Such dividends will not be eligible for the dividends received deduction generally allowed to corporations under the Code.

Subject to applicable limitations (including a minimum holding period requirement), dividends received by non-corporate U.S. Holders from a qualified foreign corporation may be treated as “qualified dividend income” that is subject to reduced rates of taxation. For these purposes, a foreign corporation is treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States. U.S. Treasury Department guidance indicates that our Class A common shares, which are listed on the New York Stock Exchange, are readily tradable on an established securities market in the United States. Thus, we believe that any dividends we pay on our Class A common shares to non-corporate U.S. Holders will be potentially eligible for these reduced tax rates. However, non-corporate U.S. Holders will not be eligible for reduced tax rates on any dividends received from us if we are a PFIC (as discussed below under “—Passive Foreign Investment Company”) in the taxable year in which such dividends are paid or in the preceding taxable year. You should consult your own tax advisors regarding the application of these rules to your particular circumstances.

Distributions of Class A common shares or rights to subscribe for Class A common shares that are received as part of a pro rata distribution to all of our shareholders (and for which the shareholders do not have a right to receive cash or other property instead) generally will not be subject to U.S. federal income tax.

Taxation of Sales or Exchanges

For U.S. federal income tax purposes, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of Class A common shares in an amount equal to the difference between the amount realized for the Class A common shares) and your tax basis in the Class A common shares. Such gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the Class A common shares for more than one year. Long-term capital gains of non-corporate U.S. Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as U.S. source gain or loss.

Passive Foreign Investment Company

In general, we will be a PFIC for any taxable year in which, after applying certain look-through rules, (i) at least 75% of our gross income is passive income, or (ii) at least 50% of the value (generally determined based on a quarterly average) of our assets is attributable to assets that produce, or are held for the production of, passive income. For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). In addition, cash and other assets readily convertible into cash are generally considered passive assets.

Based on the past and projected composition of our income and assets, and the valuation of our assets, including goodwill, we do not believe we were a PFIC for our most recent taxable year, and we do not expect to become a PFIC in the current taxable year or the foreseeable future, although there can be no assurance in this regard. The determination of whether we are a PFIC is made annually. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in our asset or income composition.

If we are a PFIC for any taxable year during which you hold our Class A common shares, you could be subject to additional U.S. federal income taxes on gain recognized with respect to our Class A common shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules. Although the determination of whether we are a PFIC is made annually, if we are a PFIC for any taxable year in which you hold our Class A common shares, we would generally continue to be treated as a PFIC with respect to you for all succeeding years during which you hold the Class A common shares, even if we ceased to meet the threshold requirements for PFIC status during such years. However, if we cease to be a PFIC, you can avoid the continuing impact of the PFIC rules by making a special election to recognize gain as if your Class A common shares had been sold on the last day of the last taxable year during which we were a PFIC.

You will generally be required to file Internal Revenue Service (“IRS”) Form 8621 if you hold our Class A common shares in any year in which we are classified as a PFIC. You are urged to consult your tax advisors concerning the U.S. federal income tax consequences of holding Class A common shares if we are considered a PFIC in any taxable year, including the potential availability and effect of any elections which would provide for alternative treatment.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividends in respect of our Class A common shares and the proceeds from the sale, exchange or other disposition of Class A common shares that are paid to you within the United States (and in certain cases, outside the United States), unless you establish that you are an exempt recipient. Backup withholding may apply to such payments if you fail to provide a taxpayer identification number and a certification that you are not subject to backup withholding or if you fail to report in full dividend and interest income.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is timely furnished to the IRS.

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Certain U.S. Holders that own “specified foreign financial assets” with an aggregate value in excess of US\$50,000 on the last day of the taxable year or US\$75,000 at any time during the taxable year (or in some circumstances, a higher threshold) may be required to report information relating to such assets with their tax returns. “Specified foreign financial assets” may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts that have non-U.S. issuers or counterparties, and (iii) interests in foreign entities. Significant penalties may apply for failing to satisfy this filing requirement. You are urged to consult your own tax advisors regarding information reporting requirements relating to your ownership of the Class A common shares.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are required to file or furnish reports and other information with the SEC under the Exchange Act and regulations under that act. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the form and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the Exchange Act.

Our website is www.tiendas3b.com and our investor relations website is <https://www.investorstiendas3b.com/>. We make available, free of charge, on our website our annual reports on Form 20-F, reports on Form 6-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. No information contained on our website is intended to be included as part of, or incorporated by reference into, this annual report.

In addition, the SEC maintains an internet site at <http://www.sec.gov> that contains reports and other information regarding issuers that file electronically with the SEC.

I. SUBSIDIARY INFORMATION

Not applicable.

J. ANNUAL REPORT TO SECURITY HOLDERS

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of risks in the ordinary course of our business, including, but not limited to, currency risk, liquidity risk and credit risk. We regularly assess each of these risks to minimize any adverse effects on our business as a result of those factors. See Note 5 to our consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 included elsewhere herein, for further discussion of our exposure to these risks.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY SHARES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

On February 8, 2024, in connection with our IPO, we amended and restated our memorandum and articles of association, a copy of which is filed as [Exhibit 1.1](#) to this annual report.

Use of Proceeds

In connection with our IPO, the Company listed its Class A common shares on the New York Stock Exchange. On February 13, 2024, the Company consummated our IPO, and issued 28,050,491 Class A common shares at an initial public offering price of US\$17.50 per share, and received net proceeds of US\$459.0 million therefrom, after deducting underwriting discounts and commissions, and certain of its shareholders sold an additional 5,610,098 Class A common shares at an initial public offering price of US\$17.50 per share. On February 15, 2024, certain shareholders sold an additional 5,049,088 Class A common shares at US\$17.50 per share pursuant to the exercise of the underwriters' over-allotment option. The Company did not receive any proceeds from the sale of Class A common shares by its shareholders.

The shares offered and sold in our IPO were registered under the Securities Act pursuant to a registration statement on Form F-1, which was declared effective by the SEC on February 8, 2024. J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC acted as joint lead book-running managers for our IPO.

We used the net proceeds from our IPO for the repayment of all amounts outstanding under the Promissory Notes and the Convertible Notes. We intend to use the remainder of the net proceeds from our IPO for the repayment of other indebtedness and for general corporate purposes.

ITEM 15. CONTROLS AND PROCEDURES

A. DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to ensure that information required to be disclosed in the Company's reports filed under the Exchange Act is recorded, processed, authorized, summarized and reported within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

In connection with the preparation of our IFRS financial statements, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer, have concluded that, as a result of the material weaknesses, as described under "Item 15.Controls and Procedures–D. Changes in Internal Control over Financial Reporting," our disclosure controls and procedures were not effective as of December 31, 2023.

B. MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

This annual report does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules and regulations of the SEC for newly public companies.

C. ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

This annual report does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules and regulations of the SEC for newly public companies.

D. CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Other than as disclosed below, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially effect, our internal control over financial reporting.

Previously-identified material weakness

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis by the company's internal controls.

In connection with the audit of our financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 in accordance with PCAOB standards, we identified material weaknesses in our internal control over financial reporting relating to the presentation of our consolidated financial statements under IFRS related to (i) our reliance on outside advisors for support and (ii) the segregation of duties related to our ERP system.

Following the identification of these material weaknesses, we have taken measures, and plan to continue to take additional measures, to remediate these issues, including, among others, the engagement of additional personnel. In addition, we have engaged a third-party advisor to assist us, with the objective to work in the design, implementation of new processes, policies and procedures, improvements of the current internal controls to provide additional levels of review and approval, enhancements of internal documentation, implementation of new software solutions and strengthening the training program for staff related to the requirements of IFRS, the rules and regulations of the SEC and the Sarbanes-Oxley Act, as well as the guidelines of COSO's Internal Control Integrated Framework. We are currently aiming to remediate during 2024 the material weaknesses we have identified as part of this internal control program, and we do not currently expect to incur material costs associated with our remediation plan.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined each of Nicole Reich, Dan Gertsacov, Alexander Fuster and Juan Pablo Cappello to be financially literate. Our board of directors has determined that Nicole Reich has accounting or related financial management expertise (in the business judgment of the Board) to be an "audit committee financial expert" as defined by applicable SEC rules. Our board of directors has also determined that each of Nicole Reich, Dan Gertsacov, Alexander Fuster and Juan Pablo Cappello satisfies the "independence" requirements set forth in Rule 10A-3 of the Exchange Act and the NYSE listing standards.

For information relating to qualifications and experience of each audit committee member, see "Item 6. Directors, Senior Management and Employees."

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Ethics (the "Code of Ethics"). The Code of Ethics applies to our Board of Directors, chief executive officer and all senior financial officers of our Company, including the chief financial

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officer, or any other persons performing similar functions, as well as to all other officers and employees of the Company. The Code of Ethics is available on our investor relations website at <https://www.investorstiendas3b.com/>. If we make any substantive amendment to the Code of Ethics or grant any waivers, including any implicit waiver, from a provision of the Code of Ethics, we will disclose the nature of such amendment or waiver on the abovementioned website.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees Paid to Independent Public Accountants

The following table sets forth, for each of the years indicated, the kinds of fees paid to our external auditors and the percentage of each of the fees out of the total amount paid to them.

	For the year ended December 31,	
	2023	2022
	<i>(thousands of Ps.)</i>	
Audit fees ⁽¹⁾	16,353	11,600
Audit-related fees ⁽²⁾	—	—
Tax fees ⁽³⁾	—	—
All other fees ⁽⁴⁾	—	—
Total	16,353	11,600

(1) “Audit fees” means the aggregate fees billed for each of the fiscal years for professional services for the audit of our annual financial statements and review of our interim financial statements.

(2) “Audit-related fees” means the aggregate fees billed in each of the fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit or review of the registrant’s financial statements and are not reported under audit fees.

(3) “Tax fees” means the aggregate fees billed in each of the fiscal years for professional services for tax compliance and tax advice.

(4) “All other fees” includes the aggregate fees billed in each of the fiscal years for non-audit services rendered which were not listed above.

Audit Committee Pre-Approval Policies and Procedures

In accordance with the requirements of the Sarbanes-Oxley Act and rules issued by the SEC, our audit committee reviews and pre-approves all audit services and permissible non-audit services provided to us. All of the above-listed services related to our Company have been pre-approved by the audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

We are not relying on exemptions from the listing standards for our audit committee.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE COMPANY AND AFFILIATED PURCHASERS

During the fiscal year ended December 31, 2023, no purchases of our equity securities were made on behalf of the Company or any affiliated purchaser.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a “foreign private issuer,” we are entitled to rely on exemptions from certain corporate governance requirements of the NYSE, except that we must maintain an audit committee of the board of directors that meets the requirements of Exchange Act Rule 10A-3, adopt and comply with a Recovery of Erroneously Awarded Compensation policy, and disclose in our annual reports on Form 20-F any significant ways in which our corporate governance practices differ from those followed by U.S. domestic listed companies under NYSE listing standards.

Accordingly, we follow British Virgin Islands corporate governance rules in lieu of certain of the corporate governance requirements of the NYSE. Among others, we take or intend to take advantage of exemptions from the corporate governance requirements of the NYSE as per the practices detailed below:

Requirement	NYSE Requirement for US Listed Companies	BVI Law	Our Practice
Executive Sessions of Independent Directors	Independent directors must have meetings at which only the independent directors are present.	BVI law does not require a company to have meetings at which only the independent directors are present.	We do not hold independent directors’ meetings.
Audit Committee	Company must have an audit committee with the specific responsibilities and authority necessary to comply with SEC rules. Members must meet all of the independence requirements of the NYSE, as well as the SEC Rule 10A-3 independence requirements (subject to any available exemptions).	BVI law does not require a company to have an audit committee.	Our board of directors has established an audit committee that complies with SEC Rule 10A-3 independence requirements, but members may not meet other general NYSE independence standards.
Internal Audit Function	Company must have an internal audit function. This function may be performed by a third party.	BVI law does not require a company to have an internal audit function.	We do not have an internal audit function.
Compensation of Executive Officers	Company must have a compensation committee consisting solely of independent directors. Must satisfy the additional independence requirements specific to compensation committee membership.	BVI law does not require a company to have an independent compensation committee.	The board of directors has established a compensation committee, but members may not meet NYSE independence standards.
Nomination of Directors	Company must have a nominating committee consisting solely of independent directors.	BVI law does not require a company to have an independent nominating committee.	We do not have a nominating committee.
Corporate Governance Guidelines	Company must adopt and disclose corporate governance guidelines	BVI law does not require a company to adopt and disclose corporate governance guidelines.	We do not have corporate governance guidelines.

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Requirement	NYSE Requirement for US Listed Companies	BVI Law	Our Practice
Shareholder Approval of Equity Compensation Plans and Certain Other Share Issuances	Shareholders must approve all equity-compensation plans and material revisions thereto, with limited exemptions. Shareholder approval is also required for certain other dilutive and related party equity issuances.	BVI law does not require a company to obtain shareholder approval of equity compensation plans or such other share issuances.	We have not and do not intend to submit for shareholder approval any equity-compensation plans or other dilutive and related party equity issuances covered by NYSE rules.
Quorum required for any meeting of the holders of shares of the company	The NYSE gives careful consideration to provisions fixing any proportion less than a majority of the outstanding shares as the quorum for shareholders' meetings	BVI law stipulates that quorum is fixed by the company's memorandum and articles of association.	Quorum is fixed by our memorandum and articles of association, to consist of the holder or holders present in person or by proxy entitled to exercise not less than 30% of the votes of the shares entitled to vote on the resolutions.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an Insider Trading Policy (the "Insider Trading Policy"), included as [Exhibit 11.2](#) to this annual report. The Insider Trading Policy applies to globally regardless of location or nationality, and applies to all officers, directors, regular employees, temporary employees, contingent workers (including agency temporary employees, independent contractors, and vendor employees), interns and any member of the Company's economic group. The Insider Trading Policy is available on our investor relations website at <https://www.investorstiendas3b.com/>. If we make any substantive amendment to the Insider Trading Policy, we will disclose the nature of such amendment on the abovementioned website.

ITEM 16K. CYBERSECURITY

Cybersecurity risks have grown steadily across industries and regions as technology advances in its versatility and complexity. There is a possibility of a cyberattack that could affect our operations in various ways, damage our reputation and lead to regulatory sanctions and/or financial losses.

Our strategy for managing cybersecurity risks consists of a multipronged approach, including:

- Infrastructure hardening of servers, firewalls, communication equipment and cloud services.
- Network segmentation, latest generation firewalls, detection and response security agents, mail filtering, USB port blocking, physical and logical access controls, disk encryption and confidential data at rest.

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- Solid security processes: password change controls, access controls based on least privileges, software patches and updates, secure software development framework, periodical third-party pen testing with security certifications, recertifications, pro-active management to information security incidents.
- Robust business continuity strategies with daily backups, recovery testing and fire drills.
- Continuous internal user awareness including training, phishing and social engineering simulation.
- Comprehensive observability of infrastructure and security, and application performance monitoring.

In October 2023, we hired a dedicated Chief Information Security Officer (CISO) who is responsible for managing the Company's cybersecurity risks. Our CISO is Mario Fernando Diaz who brings 11 years of cybersecurity experience in the financial sector (2.5 years at Santander Bank Mexico as OSI, 3 years at HSBC Mexico as Application Security Manager, 6.5 years at Nacional Monte Piedad as CISO). In addition, we have established a Committee on Information Security and Technological Risk (COSIRT) to manage our cybersecurity and any potential issues. Members of the COSIRT include our CISO, our sub-director of IT development, our infrastructure manager, our helpdesk manager, and our sub-director of IT products and projects. The COSIRT meets weekly to review, analyze, and follow up on the execution of our strategy. Monthly meetings include our Director of Information Technology. Relevant information from the COSIRT meetings is brought up by our Director of Information Technology to our CEO. Board level cybersecurity matters are brought up by the CEO to the Board in our regular Board meetings. If any material issue related to cybersecurity occurs, it triggers a special Board meeting. Based on the information we have as of the date of this Form 20-F, we do not believe any cybersecurity threats have materially affected or are reasonably likely to materially affect the Company, including our business strategy, results of operations or financial condition. However, despite our efforts to identify and respond to cybersecurity threats, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced an undetected cybersecurity incident.

For more information about these risks, see "Item 3. Key Information—D. Risk Factors."

PART III

ITEM 17. FINANCIAL STATEMENTS

Reference is made to Item 18 for a list of all financial statements filed as part of this annual report.

ITEM 18. FINANCIAL STATEMENTS

See our consolidated financial statements beginning on page F-1 of this annual report.

ITEM 19. EXHIBITS

The exhibits filed with or incorporated by reference in this annual report are listed in the exhibit index below.

EXHIBIT INDEX

Item	Description
1.1	Amended and restated Bylaws of the registrant dated as of February 8, 2024
2.1	Description of Securities registered under Section 12 of the Exchange Act
4.1	BBB Foods Inc. 2024 Equity Incentive Plan (incorporated by reference to Exhibit 4.2 to the registrant's registration statement on Form S-8 (File No. 333-277388) filed with the SEC on February 27, 2024)
8.1	List of Subsidiaries (incorporated by reference to Exhibit 21.1 to the registrant's registration statement on Form F-1 (File No. 333-276589) filed with the SEC on January 18, 2024)
11.1	Code of Ethics of the registrant adopted as of January 28, 2024
11.2	Insider Trading Policy of the registrant adopted as of January 28, 2024
12.1	Certification of Chief Executive Officer, pursuant to Rule 13-a14(a) (17 CFR 240.13a-12(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a))
12.2	Certification of Chief Financial Officer pursuant to Rule 13-a14(a) (17 CFR 240.13a-12(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(a))
13.1*	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Chapter 63, Section 1350
13.2*	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Chapter 63, Section 1350
97	Clawback Policy of the registrant
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* This certification will not be deemed “filed” for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

BBB Foods Inc.
(Registrant)

/s/ K. Anthony Hatoum

(Signature)

/s/ Eduardo Pizzuto Espinosa

(Signature)

Date: April 30, 2024

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BBB Foods Inc.

Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

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BBB Foods Inc.

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As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of BBB Foods Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of BBB Foods Inc. and its subsidiaries (the “Company”) as of December 31, 2023 and 2022, and the related consolidated statements of profit or loss, changes in stockholders’ equity and cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

PricewaterhouseCoopers, S. C., Mariano Escobedo 573, Colonia Rincón del Bosque, Miguel Hidalgo, 11580
Ciudad de México, México, T: (55) 5263 6000 www.pwc.com/mx



Accounting for Lease Contracts

As described in Notes 4.1, 4.3, 10 and 15 to the consolidated financial statements, the Company's right-of-use asset (net) and lease liabilities balances were Ps. 5,520,596 and Ps. 6,244,222 as of December 31, 2023, respectively. Management determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. Management reassesses the lease term if there is a significant event or change in circumstance that is within the control of the Company and affects its ability to exercise the option to renew or to terminate. Management typically exercises its option to renew these leases because there could be an adverse effect on the business operation if a replacement asset is not readily available. Also, management uses the incremental borrowing rate to determine the present value of its future lease payments. When management cannot readily determine the interest rate implicit in certain of its leases, management uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate requires estimation when no observable rates are available, or when the rate need to be adjusted to reflect the terms and conditions of the lease. Management estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The principal consideration for our determination that performing procedures relating to accounting for lease contracts is a critical audit matter are (i) the significant judgment by management when determining the present value of its future lease payments; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence relating to management's determination of the incremental borrowing rate and management's assessment of renewal options in the determination of lease term; and (iii) the audit effort involved the use of professionals with specialized skills and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others: a) testing the completeness and accuracy of the underlying data used in the present value of its future lease payments, b) evaluating management's assessment of renewal options and terminations when determining lease terms considering the impact on business operations and current market-based factors, c) performing a testing of the calculation of the present value of future lease payments for a sample of contracts and d) the involvement of professionals with specialized skill and knowledge to assist in evaluating the reasonableness of the incremental borrowing rate by comparing it with market rates and developing an independent estimate for unobservable rates.

PricewaterhouseCoopers, S.C.

Mexico City, Mexico
April 30, 2024

We have served as the Company's auditor since 2005.

BBB Foods Inc.

Consolidated statements of Financial Position

As of December 31, 2023 and 2022

Thousands of Mexican Peso (Ps.) (See Note 3)

	As of December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents (Note 6)	Ps. 1,220,471	Ps. 984,976
Sundry debtors	11,020	19,885
VAT receivable (Note 3.4)	731,186	609,581
Advanced payments	72,998	53,155
Inventories (Note 8)	2,357,485	1,931,605
Total current assets	Ps. 4,393,160	Ps. 3,599,202
Non-current assets:		
Guarantee deposits	33,174	27,741
Property, furniture, equipment, and lease-hold improvements – Net (Note 9)	4,606,300	3,164,204
Right-of-use assets – Net (Note 10)	5,520,596	4,696,459
Intangible assets – Net (Note 11)	6,771	8,241
Deferred income tax (Note 17)	403,801	299,060
Total non-current assets	Ps. 10,570,642	Ps. 8,195,705
Total assets	Ps. 14,963,802	Ps. 11,794,907
Liabilities and Stockholders' Equity		
Current liabilities:		
Suppliers	7,126,089	5,390,192
Accounts payable and accrued expenses	322,959	273,731
Income tax payable	2,326	73,304
Bonus payable to related parties (Note 13)	78,430	43,834
Short-term debt (Note 14)	744,137	491,236
Lease liabilities (Note 15)	537,515	417,307
Employees' statutory profit sharing payable	140,485	114,798
Total current liabilities	Ps. 8,951,941	Ps. 6,804,402
Non-current liabilities:		
Debt with related parties (Note 13)	4,340,452	4,276,058
Bonus payable to related parties (Note 13)	—	44,528
Long-term debt (Note 14)	577,318	540,734
Lease liabilities (Note 15)	5,706,707	4,828,135
Employee benefits	22,232	14,311
Total non-current liabilities	Ps. 10,646,709	Ps. 9,703,766
Total liabilities	Ps. 19,598,650	Ps. 16,508,168
Stockholders' equity:		
Capital stock (Note 16)	471,282	471,282
Reserve for share-based payments	851,701	467,135
Cumulative losses	(5,957,831)	(5,651,678)
Total stockholders' equity	Ps. (4,634,848)	Ps. (4,713,261)
Total liabilities and stockholders' equity	Ps. 14,963,802	Ps. 11,794,907

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

Eduardo Pizzuto Espinosa
Chief Financial Officer

Kamal Anthony Hatoum
Chief Executive Officer

BBB Foods Inc.

Consolidated statements of Profit or Loss

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

Thousands of Mexican Peso (Ps.) except for number of shares and loss per share amounts (See Note 3)

	For the year ended December 31,		
	2023	2022	2021
Revenue from sales of merchandise	Ps. 43,987,803	Ps. 32,472,577	Ps. 23,032,275
Sales of recyclables (Note 3.15)	90,656	107,820	58,906
Total Revenue	44,078,459	32,580,397	23,091,181
Cost of sales (Note 18)	(37,038,542)	(27,655,643)	(19,655,090)
Gross profit	7,039,917	4,924,754	3,436,091
Sales expenses (Note 18)	(4,822,912)	(3,460,840)	(2,422,688)
Administrative expenses (Note 18)	(1,386,929)	(952,090)	(623,874)
Other (expense) income - net	(36,213)	8,445	4,524
Operating profit	793,863	520,269	394,053
Financial income (Note 19)	26,069	19,840	7,988
Financial costs (Note 19)	(1,527,107)	(1,168,786)	(1,004,535)
Exchange rate fluctuation (Note 19)	606,270	264,930	(122,368)
Financial costs – net	(894,768)	(884,016)	(1,118,915)
Loss before income tax	(100,905)	(363,747)	(724,862)
Income tax expense (Note 17)	(205,248)	(201,363)	(91,812)
Net loss for the year	Ps. (306,153)	Ps. (565,110)	Ps. (816,674)
Basic and diluted loss per share (Note 20)	(25.51)	(47.09)	(68.06)
Weighted average Class A shares	12,000,000	12,000,000	12,000,000

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

Eduardo Pizzuto Espinosa
Chief Financial Officer

Kamal Anthony Hatoum
Chief Executive Officer

BBB Foods Inc.**Consolidated statements of Changes in Stockholders' Equity**
For the years ended December 31, 2023 and 2022*Thousands of Mexican Peso (Ps.) (See Note 3)*

	Capital Stock	Cumulative Losses	Reserve for share - based payments	Total stockholders' equity
Balances as of December 31, 2021	Ps. 471,282	Ps. (5,086,568)	Ps. 163,346	Ps. (4,451,940)
Net loss for the year	—	Ps. (565,110)	—	Ps. (565,110)
Share - based payments	—	—	Ps. 303,789	Ps. 303,789
Balances as of December 31, 2022	Ps. 471,282	Ps. (5,651,678)	Ps. 467,135	Ps. (4,713,261)
Net loss for the year	—	Ps. (306,153)	—	Ps. (306,153)
Share - based payments	—	—	Ps. 384,566	Ps. 384,566
Balances as of December 31, 2023	Ps. 471,282	Ps. (5,957,831)	Ps. 851,701	Ps. (4,634,848)

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

Eduardo Pizzuto Espinosa
Chief Financial Officer

Kamal Anthony Hatoum
Chief Executive Officer

BBB Foods Inc.

Consolidated statements of Cash Flows

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

Thousands of Mexican Peso (Ps.) (see Note 3)

	For the year ended December 31,					
	2023		2022		2021	
Operating activities						
Loss before income tax	Ps.	(100,905)	Ps.	(363,747)	Ps.	(724,862)
Adjustments for:						
Depreciation of property and equipment (Note 9)		488,409		297,743		212,829
Depreciation of right-of-use assets (Note 10)		598,031		484,916		315,358
Amortization of intangible assets (Note 11)		2,655		2,395		1,967
Impairment of property and equipment (Note 9)		42,422		—		—
Costs related with defined benefits to employees		3,873		3,631		6,016
Interest payable on Promissory Notes (Note 7)		619,779		615,592		537,411
Interest expense on lease liabilities (Note 15)		762,872		507,875		440,678
Interest on debt and bonus payable to related parties		29,747		45,319		26,446
Loss related to modification and remeasurement of Promissory Notes (Note 19)		84,236		—		—
Finance income		(26,069)		(19,840)		(7,988)
Exchange fluctuation		(610,703)		(285,990)		125,221
Share-based payment expense		384,566		303,789		142,123
		2,278,913		1,591,683		1,075,198
Increase in inventories		(425,880)		(528,363)		(432,158)
Increase in other current assets and guarantee deposits		(138,013)		(233,823)		(149,886)
Increase in suppliers (including supplier finance arrangements- Note 3.8)		1,735,897		1,496,811		831,386
Increase in other current liabilities		78,963		87,344		64,405
(Decrease) increase on bonus payable to related parties (Note 13)		(8,564)		10,688		49,120
Income taxes paid		(380,967)		(308,005)		(71,757)
Net cash flows provided by operating activities		3,140,349		2,116,335		1,366,308
Investing activities						
Purchase of property and equipment (Note 7, 9)		(1,798,019)		(1,122,877)		(532,173)
Sale of property and equipment (Note 7, 9)		3,776		2,646		2,572
Investment in intangible assets (Note 11)		(1,185)		(2,805)		(1,860)
Interest received on short-term investments		16,639		11,686		7,381
Net cash flows used in investing activities		(1,778,789)		(1,111,350)		(524,080)
Financing activities						
Payments made on reverse factoring transactions-net of commissions received (Note 3.8)		(2,074,890)		(1,409,089)		(104,846)
Finance obtained through supplier finance arrangements (Note 3.8)		2,195,833		1,528,143		332,889
Proceeds from Promissory Notes		—		—		149,411
Proceeds from credit lines		99,618		82,527		—
Payment of debt		(104,769)		(360,107)		(205,894)
Interest payment on debt		(25,224)		(41,859)		(23,369)
Lease payments (Note 15)		(1,186,260)		(826,730)		(598,432)
Net cash flows used in financing activities		(1,095,692)		(1,027,115)		(450,241)
Net increase (decrease) in cash and cash equivalents		265,868		(22,130)		391,987
Effect of foreign exchange movements on cash balances		(30,373)		7,066		(1,963)
Cash and cash equivalents at beginning of year (Note 6)		984,976		1,000,040		610,016
Cash and cash equivalents at end of year (Note 6)	Ps.	1,220,471	Ps.	984,976	Ps.	1,000,040

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

Eduardo Pizzuto Espinosa
Chief Financial Officer

Kamal Anthony Hatoum
Chief Executive Officer

BBB Foods Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

*Amounts in Mexican Peso (Ps.) expressed in thousands,
except for number of shares*

Note 1 - History and activity of the Company

BBB Foods Inc. is a holding company incorporated in the British Virgin Islands on July 9, 2004 with company number 605635, that directly controls two Scottish entities:

- BBB Foods Limited Partnership, one of the Scottish entities, is the intermediate parent of the following three Mexican companies and owns 99.99% of their respective equity;
- Tiendas Tres B, S. A. de C. V. (“Tiendas Tres B”), the main subsidiary in Mexico, has, as its main activity the sale, purchase, distribution and marketing of all types of products, items and goods, as well as the establishment, and operation of individual stores and distribution centers for the sale of such products;
- Tiendas BBB, S. A. de C. V. (“Tiendas BBB”), the second Mexican company, was originally chartered to be a personnel services entity, but such activities were ceased as of April 23, 2021, in connection with the new Labor Outsourcing Reform passed by Mexican Congress to regulate labor subcontracting. Separately, Tiendas BBB entered into a right of use contract in respect of the brand “BBB” with Tiendas Tres B as licensee, pursuant to which royalty payments will be made until 2023 (which royalties are eliminated in the consolidated financial statements); and
- Desarrolladora Tres B, S. A. de C. V., the third Mexican company, is a semi-dormant company of the Group that was originally formed for the purpose of developing certain land, but today is used exclusively to hold title to a small piece of land and to provide certain limited services to other companies of the Group; and
- Lothian Shelf Limited, the second Scottish entity, to comply with Mexican corporate law, is the owner of 0.01% of the equity of each of the preceding three Mexican subsidiaries (all three of which, along with the two Scottish companies are referred to herein collectively as the “Subsidiaries”).

The Subsidiaries currently operate in Mexico (except for BBB Foods Limited Partnership and Lothian Shelf Limited). BBB Foods Inc., collectively with the Subsidiaries, is hereinafter referred to as the “Company”, “BBB Foods” or the “Group.”

BBB Foods Inc.’s registered office is located at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands. BBB Foods Inc., as an entity incorporated and existing under the laws of the British Virgin Islands, is not subject to any form of taxation (see Note 17). The Company’s controlling parties are QS BBB, Inc., QS 3B Inc., QS T3B Inc., and Quilvest (Switzerland) Ltd, which are collectively referred to as “QS BBB”, and Bolton Partners LTD, who have joint control over the Company.

BBB Foods Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

The following are the Subsidiaries as of December 31, 2023 and 2022 over which control is exercised, directly and indirectly:

Company	% of ownership December 31,		Country	Functional currency	Main activity
	2023(1)	2022(1)			
BBB Foods Limited Partnership	100%	100%	Scotland	Mexican peso	Intermediate parent
Lothian Shelf Limited	100%	100%	Scotland	Mexican peso	Holding Company
Tiendas Tres B, S.A. de C.V.	100%	100%	Mexico	Mexican peso	Operating company
Tiendas BBB, S.A. de C.V.	100%	100%	Mexico	Mexican peso	Owner of some trademarks of the Company
Desarrolladora Tres B, S.A. de C.V.	100%	100%	Mexico	Mexican peso	Owner of a piece of land

- (1) BBB Foods Inc. owns 99.99% of Tiendas Tres B, Tiendas BBB and Desarrolladora Tres B, S.A. de C.V. (collectively, the “Mexican Subsidiaries”) through BBB Foods Limited Partnership and 0.01% through Lothian Shelf Limited.

Going Concern Assessment

As of December 31, 2023 and 2022, the Company had a negative share capital and an accounting deficit of Ps.4,634,848, and Ps.4,713,261, respectively. In addition, as of such dates, the Company operated with negative working capital, which is consistent with the Company’s business model, since it represents a source of cashflows that, in turn, helps the Company satisfy its operating needs and continue with its growth. As a result of the foregoing, the Company performed an assessment of whether the going concern basis of preparation is appropriate according to the following factors: the Company’s current and expected profitability and the timing of repayment of the Company’s financial obligations.

Management has prepared these consolidated financial statements as of December 31, 2023 and 2022, assuming that it will continue to operate as a going concern, considering that the Company’s business model allows it to operate with a negative working capital, which represents a source of cashflows, which it uses to fulfil its financial and operational needs and continue its growth. Additionally, the Company’s financial structure has allowed it to operate with liquidity, including significant investments in furniture, equipment, store equipment and lease-hold improvements related to the opening of new stores and the improvement and expansion of sales areas in existing stores. The budget and projections of the Company, considering possible variations in operational performance, show that the Company is capable of operating with its current level of financing.

As of December 31, 2023, the Company had an equity deficit as a result of the interest that had accrued on the Senior Promissory Notes and Junior Promissory Notes issued by the Company as further described in Notes 13 and 14 (hereinafter, the “Promissory Notes”); however, on February 8, 2024, BBB Foods listed its Class A common shares on the New York Stock Exchange in connection with its initial public Offering (“IPO”) and on February 14, 2024, BBB Foods received net proceeds of Ps.7,820,862 (US\$458,976,159) from the IPO. The Company used the proceeds to repay in full the Promissory Notes and as of such date, BBB Foods no longer had an equity deficit (see Note 23).

The financial and operating projections prepared by Management for the next 12 months show that BBB Foods will have sufficient financial resources (including cash) to meet all its financial and operating obligations and commitments and has no significant financial short-term obligation as of the issuance date of the consolidated financial statements.

BBB Foods Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

Hurricane Otis

On October 25, 2023, Hurricane Otis struck the city of Acapulco, Mexico where the Company operated 54 stores as of such date. During the aftermath of the hurricane, 51 stores were temporarily closed; however, as of December 31, 2023, the Company had reopened 12 stores (see Note 23). The Company had fixed costs of Ps.11,818 on the closed stores mainly due to payments of rent, utilities, wages and salaries.

As a result of the impact of Hurricane Otis, the Company recognized Ps.42,422 in impairment losses as other expenses for the year ended December 31, 2023 due to damages to properties, furniture, equipment, and lease-hold improvements resulting from the hurricane and related events. In addition, the Company recognized Ps.7,598 as sales expenses for the year ended December 31, 2023 in connection with cash losses due to theft, debris removal and equipment repairs. Finally, the Company also recognized Ps.30,409 in cost of sales for the year ended December 31, 2023 as a result of inventory write down.

The Company holds insurance coverage relating to the damages from Hurricane Otis, which maximum liability limit amounts to US\$3,586,750 (Ps.63,197) for this specific event. However, this amount has not been recognized as an asset, since represents a contingent asset to Tiendas Tres B (the recovery is not virtually certain) (see Note 23).

Note 2 -Basis of preparation

2.1. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards;
- IAS Standards;
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

2.2. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements have been prepared on a going concern basis.

2.3. Financial statements authorization

These consolidated financial statements and their accompanying notes were authorized for issuance on April 30, 2024, by the Board of Directors, that will present these to the entity's owners or others who have the power to amend the financial statements after issue, if applicable.

2.4. Consolidation

a. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

BBB Foods Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

Balances and profits on transactions between entities belonging to the Company are eliminated in consolidation. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of transferred assets. The Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Company.

2.5 Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Note 3 - Summary of material accounting policies

The following are the material accounting policies applied by the Group in preparing its consolidated financial statements:

3.1. Foreign currency transactions

a. Functional and reporting currency

The figures included in the consolidated financial statements of the Company are measured in the currency of the primary economic environment where the entity operates (functional currency). As of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, the currency in which the consolidated financial statements of the Company are presented is the Mexican peso as a policy choice, which in turn is also the functional currency of the ultimate holding company, BBB Foods Inc.

b. Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates in effect on the transactions dates. Gain and losses on exchange fluctuations resulting from such transactions and for conversion at the exchange rates at the end of the year of monetary assets and liabilities denominated in foreign currency, are recognized as exchange profit or loss within the financing income/cost in the statement of profit or loss.

3.2. Cash and cash equivalents

Cash and cash equivalents include cash balances, bank deposits and short-term highly liquid investments with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to insignificant risk of changes in value. All credit card, debit card, and electronic transfer transactions processed in less than 72 hours are classified as cash and cash equivalents.

3.3. Financial assets

The Company classifies and measures its financial assets based on the Company's business model to manage financial assets, and on the characteristics of the contractual cash flows of such assets. This way financial assets can be classified at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss. Management determines the classification of its financial assets upon initial recognition. Regular purchases and sales of financial assets are recognized on the trading date, the date on which the Company undertakes to buy or sell the asset.

Financial assets are entirely written off when the right to receive the related cash flows expires or is transferred, and the Company also has substantially transferred all the risks and rewards of its ownership, as well as the control of the financial asset.

BBB Foods Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

Based in its assessment, the Company only has sundry debtors classified as financial assets measured at amortized cost. These financial assets are held within a business model whose objective is to hold said assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of outstanding principal.

3.4. VAT (value added tax) receivable

VAT to be recovered originates from the fact that the VAT on purchases and expenses is greater than the VAT on sales, so the excess is a tax that the Company can offset against the VAT on sales or request its refund from the fiscal authorities. During 2023 and 2022, the Company received VAT refunds made by the tax authorities for Ps.116,774 and Ps.56,278, respectively.

3.5. Inventories

Inventories are recorded at their cost or at their net realizable value, whichever is lower. The cost includes the cost of the merchandise and the costs incurred in bringing each product to their present location and condition. Logistics costs (which include depreciation of distribution centers and salaries of warehouse staff) and supplier discounts are capitalized in inventory and recognized in the cost of sales when they are sold. The net realizable value is the estimated sale price in the normal course of operations less the estimated costs to make the sale. The cost is determined using the weighted average cost method.

Historically the missing inventory and recyclables have been immaterial because the Company has implemented strict loss prevention programs and control procedures.

The Company receives various types of vendor allowances. The most common allowances vendors offer are the following:

- (i) volume allowances, which are off-invoice or amounts billed back to vendors based on the quantity of products sold to customers or purchased from the vendor, and
- (ii) promotional allowances, which relate to cooperative advertising and market development efforts.

Volume allowances are recognized as a reduction of the cost of the related products as they are sold. Promotional allowances are recognized as a reduction of the cost of the related products when the Company has performed the activities specified in the contract with the vendor. If the contract does not specify any performance criteria, the allowance is recognized over the term of the contract. Vendor allowances are generally deducted from cost of sales, unless there is clear evidence that they should be classified as revenue resulting from the Company providing a distinct good or service to the vendor. As of December 31, 2023 and 2022, the Company did not recognize revenue from allowances from vendors, since such allowances were not considered a distinct good or service.

The Company recognizes vendor allowances only where there is evidence of a binding arrangement with the vendor, the amount can be estimated reliably, and receipt is probable.

3.6. Property, furniture, equipment and lease-hold improvements

Items of property, furniture, equipment and lease-hold improvements are recognized at cost less accumulated depreciation and impairment losses. The cost includes the expenses directly attributable to the acquisition of these assets and all the expenses related to the location of the asset in the place and in the necessary conditions so that it can operate in the manner foreseen by Management.

BBB Foods Inc.**Notes to the Consolidated Financial Statements****As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021**

The costs of expansion, remodeling or improvement that represent an increase in capacity and therefore an extension of the useful life of the assets are also capitalized. Maintenance and repair expenses are charged to the income statement in the period in which they are incurred. The carrying amount of the replaced assets is written off when they are replaced, bringing the full effect to the income statement.

The acquisition cost of properties, furniture, equipment and lease-hold improvements are depreciated and amortized systematically using the straight-line method based on the useful lives of the assets.

The average useful lives of depreciable asset categories as of December 31, 2023 and 2022 are indicated below:

	Useful life
Building	20 years
Store shelving equipment	20 years
Lease-hold improvements ⁽¹⁾	5 to 20 years
Computer equipment	3.3 years
Furniture and equipment	10 years
Storage equipment	10 years
Store equipment	10 years
Transportation Cars and trucks	4 to 8 years
Molds	2.8 years

⁽¹⁾ Lease-hold improvements are depreciated over the shorter of the useful life or the lease term.

The residual values, the useful life and the depreciation method of the assets are reviewed and adjusted (if applicable) in every reporting period.

Profits and losses from the sale of assets result from the difference between the income from the transaction and the carrying amount of the assets. These are included in the income statement within other income - net.

3.7. Impairment of non-financial assets

Non-financial assets that are subject to depreciation are subject to impairment tests when there are events or changes in circumstances that indicate that the book value may not be recoverable. Impairment losses correspond to the amount in which the carrying amount of the asset exceeds its recoverable amount. The asset's recoverable value is the highest between the fair value of the asset less the costs incurred for its sale and its value in use. For the purposes of the impairment assessment, assets are grouped at the smallest levels at which they generate identifiable cash flows (cash generating units). Non-financial assets that have been impaired are assessed at each reporting date to identify possible reversals of said impairment.

3.8. Suppliers and accounts payable

These items include obligations with suppliers and other accounts payable for purchases of goods or services acquired in the normal course of the operations of the Company before the end of the year that have not been paid. When they are due to be settled within 12 months after the reporting period, they are presented as current liabilities and amounts due beyond 12 months are presented as non-current liabilities. As of December 31, 2023 and 2022, the Company did not have any suppliers and accounts payable beyond 12 months. The Company has reverse factoring transactions.

Reverse factoring transactions in which a trade payable remain (CUMPLO, AVANT and PCP)

BBB Foods Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

In this type of factoring the Company's suppliers enter into financial factoring agreements with financial institutions. Such financial institutions pay the suppliers' invoices in advance at a discounted rate, and the Company pays back the financial institution the outstanding amount of the original invoice, with the same terms and conditions originally agreed with the suppliers. The Company recognizes the liability as part of the trade and other payables since those liabilities have similar nature and function to trade payables (See Note 4.2).

Reverse factoring transactions with Santander

On June 30, 2021, Tiendas Tres B and Banco Santander Mexico, S.A. ("Santander") entered into a reverse factoring transaction agreement (the "Santander Agreement"). According to the terms and conditions of the Santander Agreement, the supplier will receive the original invoice amount discounted at an agreed rate. Tiendas Tres B will pay Santander the original amount of the invoice within 60 days after the supplier collects the invoice from Santander. Under the terms of the Santander Agreement, Tiendas Tres B must comply with certain covenants including the creation of a trust, which was created on the same date as the Santander Agreement as a source of payment trust in case of default, the requirement to deliver annual audited financial statements 180 days after the end of the year, and the obligation to create a reserve for payment corresponding to one month of the interest payable at the end of the month and the requirement to have positive equity of Ps.50,000.

Tiendas Tres B is required to pass through the trust the cashflows coming from 419 stores for at least an amount of Ps.270,000; however, during 2022 this amount was increased to Ps.300,000. According to the Santander Agreement, Tiendas Tres B's liability to Santander related to the accounts payable factored by its suppliers is allowed to be for an aggregate amount of up to Ps.350,000. The cash collected is only held in the trust for a day, and, according to the terms of the Santander Agreement, there is no a minimum amount required to be held in the trust, and cashflows only pass through it as described above.

As of December 31, 2023 and 2022, Tiendas Tres B was not in compliance with the covenant under the Santander Agreement to deliver annual audited financial statements 180 days after the end of each year.

Non-compliance with the covenants under the Santander Agreement is a cause of termination of the Santander Agreement; however, on December 6, 2022, Tiendas Tres B obtained a waiver from Santander in respect of the fact that Tiendas Tres B was not in compliance with the covenants of the Santander Agreement, and the Santander Agreement has remained in effect notwithstanding the failure to deliver financial statements as required by the Santander Agreement.

During 2023, Tiendas Tres B informed Santander about the delay in delivering annual audited financial statements. Tiendas Tres B was advised that Santander does not consider the failure to deliver financial statements as non-compliance with the covenants under the Santander Agreement. As a subsequent event, on January 3, 2024, Tiendas Tres B obtained a waiver to deliver annual audited financial statement until March 15, 2024, and, subsequently, on April 2, 2024, Tiendas Tres B obtained a consent letter from Santander, which confirmed that Tiendas Tres B delivered annual audited financial statements for 2022 and 2021 on March 15, 2024. During 2023 and 2022, there were no accounting implications related to the failure to comply with the covenants under the Santander Agreement.

Reverse factoring transactions with HSBC

On June 2, 2023, Tiendas Tres B and HSBC Mexico, S.A. ("HSBC") entered into a reverse factoring transaction (the "HSBC Supplier Finance Agreement") and a credit line agreement (the "HSBC Credit Line" and, together with the HSBC Supplier Finance Agreement, the "HSBC Agreement"). The aggregate principal amount financeable under the HSBC Agreement is Ps.450,000. Pursuant to the terms of the HSBC Supplier Finance Agreement, participating suppliers may discount their invoices with HSBC, and they will receive the original invoice amount discounted at an agreed rate and Tiendas Tres B will then pay HSBC the original

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amount by the earlier of: (x) the date HSBC pays the supplier plus the number of credit days originally agreed to with the supplier, and (y) 90 days after the supplier collects the invoice from HSBC. The supplier elects which invoices are entered in the factoring transaction. Once entered, such invoices are novated and the liability of Tiendas Tres B to cover such invoice is extinguished. Invoices that are not discounted with HSBC are payable to the supplier at the original maturity date. There are no commissions or interests payable to HSBC when invoices are discounted, and only an opening commission of Ps.2,250 was paid for entering into the agreement, and Tiendas Tres B must pay penalties in case of late payment. In addition, under the terms of the HSBC Agreement, Tiendas Tres B must comply with certain covenants, such as the requirement to deliver annual audited financial statements 180 days after the end of the year, a prohibition on Tiendas Tres B issuing debt or equity on the stock market without notifying HSBC, the obligation to create a reserve for payment corresponding to Ps.15,000, an agreement not to merge or modify the share capital or Tiendas Tres B's commercial activities, and a restriction on the payment of dividends.

As of December 31, 2023, Tiendas Tres B was in compliance with these covenants, except for the requirement to deliver annual audited financial statements 180 days after the end of 2022 and 2021. However, on July 3, 2023, Tiendas Tres B obtained a waiver from HSBC to deliver audited financial statement by December 31, 2023, and accordingly, the HSBC Agreement remained in effect. During 2023, there were no accounting implications related to the failure to comply with the covenants under the HSBC Agreement. HSBC Supplier Finance Agreement and HSBC Credit Line both maintained operations as usual. As a subsequent event, on January 2, 2024, Tiendas Tres B obtained another waiver to deliver annual audited financial statements by March 15, 2024; subsequently, on March 13, 2024, Tiendas Tres B obtained a consent letter from HSBC, which confirmed that Tiendas Tres B delivered annual audited financial statements for 2022 and 2021 on March 8, 2024.

Additionally, pursuant to the terms of the HSBC Agreement, Tiendas Tres B has created a trust, which is meant to be a source of payment in the case of a payment default under the HSBC Agreement, into which Ps.540,000 cash flows coming from 299 stores have to pass through each month and are released so long as no payment default occurs.

The Company recognized both the Santander Agreement and the HSBC Agreement as a financial liability presented separately from the trade payables to suppliers since the size, nature and function of those liabilities makes separate presentation relevant. The Company derecognized the trade payables subject to reverse factoring transactions and recognize them in the supplier finance arrangement line item. The balance as of December 31, 2023 and 2022 amounted to Ps.449,850, and Ps.338,336, respectively (See Note 14).

For statement of cash flows purposes, the arrangements with Santander and HSBC are considered to be in-substance financing. Therefore, the Company reflects an imputed operating cash outflow and a financing cash inflow when Santander and HSBC pay the supplier.

3.9. Debt

Debt is initially recognized at its fair value, net of the related costs incurred, and subsequently recognized at its amortized cost. Any difference between the funds received (net of transaction costs) and the redeemable value is recognized in the income statement during the term of the loan using the effective interest rate method. When there are changes in the expectation of cash flows associated with the debt, such as prepayments, the Company recalculates the amortized cost of the debt as the present value of the estimated future contractual cash flows discounted at the original effective interest rate and the adjustment is recognized as gain or loss in the income statement.

Fees incurred in connection with the issuance of the debt, if any, are recognized as transaction costs and are included in the financial liability and amortized using the effective interest method over the term of the debt. During 2021, BBB Foods Inc. incurred a liability in the amount of US\$286,161 (Ps.5,790) in connection with

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the issuance of the Convertible Notes described in Note 14; these transactions costs are included in the principal amount of the Convertible Notes and are amortized over the period until maturity.

Debt is de-recognized from the statement of financial position when the obligation specified in the contract is fulfilled, canceled or expires.

The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Debt is classified as current liabilities unless the Company has the unconditional right to defer the payment of a liability for at least 12 months after the reporting period, then it is classified as non-current liabilities.

3.10. Derecognition of financial liabilities

The Company derecognizes financial liabilities if, and only if, the obligations of the Company are fulfilled, canceled or expired.

In addition, when there is a substantial modification of the terms of an existing financial liability, the Company accounts it as an extinguishment of the original financial liability and the recognition of a new financial liability at its fair value, and any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. By contrast, if the modification of terms is not considered substantial, transactions costs or fees paid to third parties adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability adjusted to reflect the presented value of cash flows under the revised terms using the original effective interest. The difference between the modified liability with the revised terms and the previous carrying amount of the liability measured at amortized cost is recognized immediately in profit or loss as modification gain or loss.

3.11. Provisions

Provisions are recognized when the Company has a legal obligation present or assumed as a result of past events, it is probable that the outflow of cash flows is required to pay the obligation and the amount can be estimated reliably. The amount recognized as a provision is the best estimate, over the reporting period, of the disbursement necessary to cancel the present obligation, the disbursement is constituted by the amount, rationally assessed, that the Company must pay to cancel the obligation at end of the reporting period, or to transfer it to a third party on that date.

3.12. Income taxes

BBB Foods Inc., as an entity incorporated and existing under the laws of the British Virgin Islands, is not subject to any form of taxation (see Note 17). However, the Mexican Subsidiaries are subject to tax legislation in Mexico.

The income tax expense includes the current and deferred tax. The tax is recognized in the statement of profit or loss.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

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- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax is recognized on the temporary differences that arise from comparing the accounting and tax values of all assets and liabilities.

Deferred income tax is determined using the tax rates (and laws) that have been promulgated or substantially enacted at the end of the year and are expected to apply when the deferred income tax assets and liabilities are realized or the deferred income tax is settled. The charge for current income tax is calculated based on the tax laws enacted or substantially enacted as of the date of the statement of financial position. The deferred income tax asset is only recognized to the extent that it is probable that future tax benefits will be obtained against which deductible temporary differences can be used.

The balances of deferred income tax assets and liabilities are offset when there is an enforceable legal right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to the same tax authority or the same fiscal entity or different fiscal entities where there is an intention to settle balances on a net basis.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company did not have uncertain tax positions as of December 31, 2023, 2022 and 2021.

3.13. Employees' benefits

i. Short-term obligations

Wage and salary liabilities and annual vacations, which are expected to be fully liquidated within 12 months after the end of the period in which employees provide the related service, are recognized in relation to the service of the employees until the end of the period and are measured by the amounts expected to be paid when the liabilities are settled. Liabilities are presented as current obligations for benefits to employees in the statement of financial position.

ii. Employee's statutory profit sharing payable

The Company recognizes a liability and an expense for employee profit sharing based on a calculation that takes into account the taxable profit after certain adjustments. The Company recognizes a liability when it is contractually obligated or when there is a past practice that gives rise to an assumed obligation.

3.14. Stockholders' equity

The capital stock is constituted by the share capital, and cumulative losses are expressed at their historical cost.

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3.15. Revenue recognition

Sales of merchandise - Revenue from the sale of merchandise is recognized when the Company sells a product to the customer. Payment of the transaction price is made immediately when the customer purchases the merchandise, and it is delivered to the customer in the store. Revenue from the sale of merchandise is recognized at a point in time, which is when the goods are delivered in the store. Returns made by customers are recognized by decreasing revenues. The majority of merchandise sales are settled by customers in cash. The Company's policy is to sell all of its products with the right to return them; however, accumulated experience shows that sales returns are not significant in relation to total revenue from sales of merchandise, therefore the estimation made by the Company related to sales returns is nil.

For the sale of products and services from third-party merchants, such as prepayment of cell phone, fees and commissions paid by customers from payment of basic services, the Company acts as an agent by connecting the sale with the final customers and has no control over the service provided by the third party. The Company recognizes revenue in respect of such sales on a net basis, representing the commission that it expects to receive in exchange for the services provided, and recognizes a liability in the item of accounts payable and accrued expenses in respect of the consideration that it receives from customers and will be remitted to the third-party merchants. As of December 31, 2023, 2022 and 2021, this revenue was not significant related to the total revenue amount and therefore it is included in the sales of merchandise item in the consolidated statements of profit or loss.

The total revenue from sales of merchandise includes two main categories, which are the sale of products and services through which the Company acts as a principal which amounted to Ps.43,924,097, Ps.32,416,778, and Ps.22,979,248 in 2023, 2022, and 2021, respectively, and the sale of the remainder of the products, through which the Company acts as an agent which amounted to Ps.63,706, Ps.55,799 and Ps.53,027 in 2023, 2022, and 2021, respectively.

Sales of recyclables— The Company recognizes revenue from sales of recyclables (cardboard and stretch film primarily), whose costs include the delivery of these products based on established contractual terms and conditions, which do not involve a significant judgment. The Company's performance obligation is satisfied at a point in time when the customer accepts the products. The payments are short-term without variable considerations, or financing components or guarantees.

The Company recognizes revenue when control of the products sold has been transferred to the customer, which is given by the moment of delivery of the promised goods to the customer in accordance with the negotiated contractual terms. Therefore, the Company recognizes a receivable when the performance obligations have been fulfilled, recognizing the corresponding revenue.

3.16. Sales and administrative expenses

The Company recognizes the sales and administrative expenses on an accrual basis. These expenses consist of the following:

Sales expenses - expenses related to the operation of stores, including wages and salaries of store employees, depreciation of properties, furniture, equipment and lease-hold improvements and right-of-use assets and amortization of intangible assets, energy expenses, social security contributions relating to store employees, maintenance and conservation expenses and cash-in- transit services.

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Administrative expenses - expenses related to headquarters, regional offices and the back office, including wages and salaries of administrative employees, depreciation, and amortization, energy, social security contributions of administrative employees, payments relating to options granted under our share-based compensation plan, administrative services, advertising expenses, corporate services, maintenance and conservation expenses and professional fees.

3.17. Operating Segments

Segment information is presented in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker, who is the CEO of BBB Foods Inc. He is responsible for operative decision-making, allocating resources and assessing the performance of the Company. He supervises the performance of the Company as a single business unit engaged in the sale, acquisition and distribution of all types of products and consumer goods, as well as the establishment and operation of stores and distribution centers focused on the marketing of such products. Therefore, the Company has only one operating segment.

3.18. Leases

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. For the rest of leases, depreciation is calculated using the lease term of the asset.

Lease liabilities include the net present value of the following payments:

- Fixed payments (including if they are in substance); and
- Penalty payments for termination of the lease, if the lease terms reflect that the Company will exercise an option.

Lease payments that will be made under renewal options with reasonable certainty of being exercised are also included in the measurement of the liability.

Building lease payments are discounted using an incremental borrowing rate, which is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right to use the asset in a similar economic environment with similar terms, warranties and conditions. Store equipment and transportation equipment are discounted using the implicit interest rate as there are observable rates for these types of leases.

To determine the incremental borrowing rate, the Company:

- Where possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing terms since the third-party financing was received; and
- Applies specific adjustments to the lease, for example, term, country, currency and guarantees.

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The Company is exposed to possible future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect.

Based on an index or rate become effective, the lease liability is reassessed and adjusted to the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income during the lease period in order to produce a constant periodic interest rate on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognized under the straight-line method as an expense in income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include minor machinery, printing equipment, and small office furniture items.

Extension and termination options are included in a number of the Company's property and equipment leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. Most extension options are held by the Company and not by the lessor.

The lease terms as of December 31, 2023, 2022 and 2021 are indicated below:

Building	5 to 20 years
Store equipment (cold rooms)	10 years
Transportation equipment – trucks	8 years

3.19. Earnings per share

Basic earnings per ordinary share is calculated by dividing the profit/loss of the controlling interest by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the controlling interest and ordinary shares, under the assumption that the Company's commitments to issue or exchange its own shares would be realized.

The Company grants share-based compensation to its employees and has issued debt instruments which are convertible into ordinary shares, which generates a dilutive effect in the earnings per share amount; however, these effects were not recognized for the years ended December 31, 2023, 2022 and 2021, since the Company had a net loss in those reporting periods, and the recognition of anti-dilutive effects is not permitted.

The Company only allocates losses to class A shares when determining losses per share since there is no contractual obligation from the class B, C, D and E to share losses as they have different liquidation rights (See Note 16 and 20).

3.20. Share-based payments**Options to Purchase Common Shares**

On July 15, 2004, the effective date, the Board of Directors of the Company adopted and approved a share-based compensation plan (the “Plan”), which has the following terms and conditions:

Common Options

- The options granted under the Plan have a vesting period of 5 years.

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- The options granted under the Plan vest annually by 25% starting from the end of year 2.
- At the end of the vesting period, the options may only be exercised if a liquidity event, such as an IPO, occurs.
- The occurrence of an IPO is considered a non-vesting condition, since the grantee of the option already earned the right of the option at the end of the vesting period by providing services to the Company as of such date, and they are only limited to exercise the option upon the occurrence of the liquidity event.

The options provide the holder with the right to purchase Class C shares, par value of US\$0.01 each, with no voting rights.

The total number of Class C shares reserved and available for distribution under the Plan shall be equal 15,000,000 Class C shares. Such Class C shares may consist, in whole or in part, of authorized and unissued Class C shares. In the event of any merger, reorganization, consolidation, recapitalization, share dividend, share split or other change in corporate structure affecting the common shares of the Company, an adjustment shall be made in the aggregate number of Class C shares reserved for issuance under the Plan.

According to the Plan adopted and approved by the Board of Directors, no option may be granted under the plan after December 31, 2025 and each option granted has a contractual life of 30 years.

At the shareholders' meeting on March 15, 2022, the shareholders voted that the Plan would terminate upon the earliest to occur of:

- a) the effective date of a resolution adopted by the supermajority of the Board of Directors terminating the Plan;
- b) the date all shares subject to options granted under the Plan are issued pursuant to the Plan's provisions; or
- c) December 31, 2030.

The Plan is a share-based compensation plan adopted and approved by the Company's Board of Directors consists of an equity-settled Plan, since the Plan provides employees the option to acquire the Company's Class C shares instead of receiving a payment, based on the value of the Company's shares.

Employees who are terminated with cause or leave the Company before their options vest will forfeit any unvested options. Conversely, if the employee leaves the Company and its options are vested, it can exercise in them in the future, subject to expiration date and the non-vesting condition. The Company estimates the potential forfeitures in order to estimate the expense to be recognized and adjusts this estimate based on the actual forfeitures. The Company recognizes the expense associated with an employee's service contract using a graded vesting model with a corresponding increase to equity.

As of December 31, 2023, the Company was not publicly traded; therefore, there was no readily available market value for its shares. To determine the fair value of the Company's stock options, management used an option pricing model and a binomial tree valuation model to determine the fair value of the options at their grant date. The impact of the non-vesting condition is included in the fair value of the options granted.

Once vested options become exercisable upon the occurrence of a liquidity event (including an IPO), and are exercised, they will be converted into Class C common shares.

Exit Options

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In December 2020, the Board of Directors approved the granting of additional options to be distributed to the members of the Board and key Management in two tranches, which will expire on December 31, 2030. Both the vesting as well as the exercise of these options will be triggered only on the occurrence of an exit event, such as an IPO or a sale of the Company, and therefore these options are referred as “Exit Options.” The grantees of these options must remain in service at the date of the exit event to receive the award. There are no other vesting conditions for the Exit Options to be exercised. The exit event is considered to be a vesting condition.

The share-based payments of the Exit Options is an equity-settled plan since the employees are granted the option to acquire the Company’s Class C common shares instead of receiving a payment based on the value of the Company’s shares.

The Exit Options' vesting period for accounting purposes will commence on the grant date and will finalize on an exit event. As of December 31, 2022 and 2021, the IPO was estimated to occur on November 30, 2023, and such date was considered as the exit event in the vesting period determination. However, the IPO did not occur on that date, and in October 2023, the estimated exit event was updated to February 8, 2024. Every time that the expected IPO date changed, the grant date fair value was updated to reflect the grant date fair value as of the new expected IPO date. The Company estimates the fair value of the award at the grant date and recognizes an expense on a straight-line method during the vesting period, as the employee services are received, and the exit event is probable. If a key member of Management or a member of the Board dies or becomes permanently incapacitated before the exit event, the Exit Options of that person will vest automatically on the date of that event for the benefit of their heirs. If a key member of Management or a member of the Board resigns before the exit event, the options are forfeited.

To determine the fair value of the Exit Options at their grant date, Management uses an option pricing model and a binomial tree valuation model. The vested options once exercised will be converted into Class C common shares, each share having a par value of US\$ 0.01, with no voting rights authorized and issued in the British Virgin Islands.

3.21. Application of new and revised standards that are mandatorily effective for 2023

In 2023, the Company adopted a series of amendments, issued by the IASB that are effective for annual periods that begin on or after January 1, 2023, which is the date as of these amendments were adopted. The conclusions related to their adoption are described below.

- **Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies**

The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy and add examples of when an accounting policy is likely to be material. It clarifies that an accounting policy can be material by its nature, even if the amounts are immaterial, as well as if the users of the financial information need it for their understanding of other information in the financial statements.

Guidance and examples have also been developed to support the amendments and to demonstrate the application of the “Four-step materiality process” outlined in IFRS Practice Statement 2. The amendments were applied prospectively for annual reporting periods beginning on January 1, 2023.

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

- **Amendments to IAS 8 – Definition of accounting estimates**

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The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in the financial statements that are subject to uncertainty in the measurement.”

Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. It is also specified that changes in an item or measurement technique used for developing an accounting estimate, are changes in accounting estimates if they are not the result of correcting prior periods. The effect of the change in the current year is recognized in profit or loss.

The amendments were applied prospectively for annual reporting periods beginning on January 1, 2023. However, the adoption of these amendments did not have a significant effect, since the accounting estimates used by the Company already represent monetary amounts subject to uncertainty in its measurement and there have been no changes on them as of December 31, 2023.

- **IFRS 17 – Insurance Contracts**

IFRS 17 – Insurance Contracts establishes the principles for the recognition, measurement, presentation, and disclosures of insurance contracts. The objective of IFRS 17, which replaces IFRS 4 “Insurance Contracts”, is to ensure an entity provides relevant information that represents those contracts. This information provides a basis for the users of financial statements to assess the effect that insurance contracts have on the entity’s financial position, financial performance, and cash flows, being applicable both to insurance companies and to entities with reinsurance contracts.

IFRS 17 describes a general model, which is modified for insurance contracts with direct participation features, described as the variable rate approach. The general model is simplified if certain criteria are met by measuring the liability for the remaining hedge using the premium allocation approach. The general model uses current assumptions to estimate the amount, time and uncertainty of the future cash flows and explicitly measures the cost of that uncertainty. It takes into consideration the market interest rates and the impact of policyholder options and guarantees.

The amendments to IFRS 17 are effective for annual periods beginning on January 1, 2023. They are applied retrospectively unless they are impractical, in which case it is applied with a modified retrospective approach or the fair value approach.

For purposes of the transition requirements, the initial application date is the beginning of the annual reporting period in which the Entity applies IFRS 17 for the first time, and the transition date is the beginning of the period immediately prior to the initial date of application.

Since the Company does not act as an insurance entity and its operations do not consist of the issuance contracts, the adoption of this amendment did not have a significant effect on the Company’s annual consolidated financial statements.

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- **Amendment to IAS 12 – Organization for Economic Co-operation and Development (“OECD”) Pillar Two Rules**

In December 2021, the OECD released the Pillar Two model rules (the Global Anti-Base Erosion Proposal, or “GloBE”) to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. In May 2023, the IASB made narrow-scope amendments to IAS 12 which provide a temporary relief from the requirement to recognize and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments also require affected entities to disclose the following:

- the fact that they have applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes,
- their current tax expense (if any) related to the Pillar Two income taxes, and
- during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity’s exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

The amendments must be applied immediately, subject to any local endorsement process, and retrospectively in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The disclosures about the known or reasonably estimable exposure to Pillar Two income taxes are required for annual reporting periods beginning on January 1, 2023.

The rules issued by the OECD have not been enacted in the British Virgin Islands, which is where the Company is incorporated, nor Mexico, which is where the Company has most of its operations; however, Pillar Two legislation was enacted in the United Kingdom, the jurisdiction in which BBB Foods Limited Partnership and Lothian Shelf Limited are incorporated, and came into effect starting January 1, 2024. However, since Tiendas Tres B, the main operating subsidiary of the Company, has an effective tax rate that exceeds 15%, no additional current tax exposure is expected to be recognized. Since the Pillar Two legislation was not effective at the reporting date, the Company has no related current tax exposure. The Company applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Company is in the process of analyzing the potential implications of the application of the Pillar Two rules, including evaluating whether the requirements in each jurisdiction qualify as income taxes under the scope of IAS 12, without for now there being determined quantitative effects.

3.23. New standards and interpretation, not in force in the reporting period

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants⁽¹⁾

The amendments specify the requirements for classifying liabilities as current or non-current with covenants and clarify what is meant by to defer settlement, that a right to defer settlement must exist at the end of the reporting period, that the classification is unaffected by the likelihood that an entity will exercise its deferral right, that only if

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an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification and the disclosures to be included.

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date.

The amendments must be applied prospectively for annual periods beginning on or after January 1, 2024. Early application is permitted.

The Company does not expect these modifications will have an impact on its accounting policies, since it classifies its liabilities according to contractual maturities.

- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements⁽¹⁾

The amendments specify that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.

In addition, the amendments require that entities disclose information that enables users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

The amendment must be applied to annual periods beginning on or after January 1, 2024. Early application is permitted.

The Company is in the process of evaluating the potential impacts associated with the adoption of the amendments on its financial statements.

- IFRS 18 – Presentation and Disclosure in Financial Statements⁽³⁾

IFRS 18 – Presentation and Disclosure in Financial Statements replaces IAS 1 “Presentation of Financial Statements” with the objective of improving comparability and transparency of communication in financial statements. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS).

IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations, being the first three categories new in the statement of profit or loss. These five categories are complemented by the requirement to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

IFRS 18 introduces the concept of a management-defined performance measure (MPM) and defines it as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. In addition, IFRS 18 requires entities to disclose information about all its MPMs in a single note to the financial statements and lists several disclosures to be made, including how the measure is calculated and how it provides useful information.

Since the purpose of the PFS is to provide a useful structured summary, IFRS 18 requires to aggregate material items on the face of the PFS, and then need to disaggregate them in the notes. Also, IFRS 18 includes guidance on

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determining meaningful descriptions, or labels, for items that are aggregated in the financial statements, and it requires disclosure of further information regarding items labelled as 'other'.

IFRS 18 is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. However, IFRS 18 will apply retrospectively, comparative periods in both the interim and annual financial statements will need to be restated and a reconciliation of the statement of profit or loss previously published will be required for the immediately preceding comparative period.

The Company is analyzing the new requirements and evaluating the potential impacts to identify and collect the additional information needed to comply with the requirements of this new standard.

The Company does not expect that the adoption of the following standards will have a material impact on the financial statements in future periods:

Amendments to IFRS 16	Leases Liability in a sale and leaseback ⁽¹⁾
Amendments to IAS 21	Lack of exchangeability ⁽²⁾
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾

(1) Effective for annual periods beginning January 1, 2024

(2) Effective for annual periods beginning January 1, 2025

(3) Effective for annual periods beginning January 1, 2027

(4) Effective for annual periods beginning on or after a certain date that has yet to be determined.

Note 4 - Critical estimates and significant judgments

Estimates, assumptions and significant judgments are based on historical experience and other factors that are considered relevant. Actual results may differ from said estimates.

Estimates, assumptions and significant judgments are reviewed continuously. Revisions to accounting estimates are recognized in the review period and future periods if the review affects both the current period and subsequent periods.

Below are presented the sources of uncertainty at the date of the statement of financial position, and which have a risk of deriving in an adjustment to the book values of assets and liabilities during the following financial period:

Significant judgments

4.1. Determining the lease term of contracts

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options, if applicable. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination, including but not limited to the investment in non-removable leasehold improvements to avoid incurring a more than insignificant penalty if terminating those leases. After the commencement date, the Company reassesses the lease term if there is a significant event or change in

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circumstances that is within its control and affects its ability to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company included the renewal period as part of the lease term. The Company typically exercises its option to renew for these leases because there could be an adverse effect on the business operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

4.2. Classification of financial liabilities in reverse factoring transactions

The Company determines if liabilities that are part of reverse factoring agreements should be presented as trade payables or financial liabilities. The Company recognizes the liability as part of the suppliers, only when those liabilities have similar nature and function to trade payables. Such as when the invoice is assigned to the financial institution to assist the supplier in obtaining affordable credit, and there is no change in the payment terms, or when the terms of the supplier finance are negotiated between the supplier and the financial institution and there are no fees or interest for the Company.

By contrast, the Company recognizes a financial liability presented separately when the size, nature or function of those liabilities makes separate presentation relevant, such as when the purpose of the agreement is to improve working capital of the Company, or the original payment terms change as part of the factoring agreement.

In addition, the cash flows related to the reverse factoring transactions, are recognized in the operating activities, if the account payables held by the financial institutions are those from working capital. In this case, the Company only recognizes the cash outflows that occur in the transactions with the financial institutions, but not the cash flows related between the financial institutions and the suppliers. However, if the Company recognizes a financial liability with a financial institution instead of a trade payable, cash flows are presented under the financing activities for the payments to the financial institution by the Company. In addition, the Company recognizes as a cash outflow in operating activities and a cash inflow in financing activities when the financial institution pays the supplier.

Accounting estimates

4.3. Estimating the incremental borrowing rate of leased assets

The Company uses the incremental borrowing rate ("IBR") to determine the present value of its future lease payments. When the Company cannot readily determine the interest rate implicit in certain of its leases, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available, or when the IBR needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4.4. Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of the equity-settled transactions with employees at the grant date, the Company uses an option pricing model. The assumptions used for estimating fair value for share-based payment transactions are disclosed in Note 21.

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Exit options

For these options the exit event is considered a vesting condition. In this case, management considered an exit event as probable at the date of granting the first tranche of awards. Consequently, the share-based payment expense has been recorded over the service period since that date. The Company revises this estimate at each financial position date and the assessment was that this event continued to be probable. In addition, the Company considers as a significant judgment the date estimated for an exit event consisting in an IPO, which was considered to be February 8, 2024.

Note 5 - Risk management

Financial risk factors

The activities of the Company do not significantly expose them to the following risks:

- Price risks: Since the product prices (s) are not fluctuating in nature, in addition to the fact that the Company has many suppliers and is not subject to a single supplier.
- Credit Risk: Since the Company mainly conducts the majority of its transactions in cash.

However, the activities of the Company expose them to exchange rate risks, interest rates risks and liquidity risks. Management focuses primarily on minimizing the potentially adverse effects on financial performance.

Risk management is carried out by the Corporative Director under the policies established by the Company. The Corporative Director identifies, evaluates and covers financial risks with the close cooperation of the General Accountant. The Company establish written principles for risk management in general, as well as written policies that cover specific areas such as liquidity risk, capital risk and investment of excess liquidity.

5.1. Liquidity risk

Cash flow forecasts are developed by the Company's finance department. The treasury department monitors liquidity requirements to ensure that there is sufficient cash to meet operational needs so that the Company do not breach its financial commitments. Cash flow forecasts consider the financing plans of the Company, as well as the fulfillment of the objectives of the internal financial metrics.

The excess cash on the working capital requirements that the Company have, are managed by the treasury department that invests them in financial institutions with high credit rating, choosing the instruments with the appropriate maturities or sufficient liquidity that give the Company the sufficient margin in accordance with the cash flow forecasts mentioned above.

The Company finances its operations through the combination of:

- 1) The reinvestment of a significant part of profits of its subsidiaries,
- 2) The credit obtained from its suppliers, and
- 3) According to the Company's business model it is possible to operate with negative working capital which means a continuing and increasing source of cashflows, in order to satisfy its financial and operational needs and continue with its growth.

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The amount due to the financial institutions regarding the reverse factoring transactions amounted to Ps.472,950 (out of which Ps.449,850 corresponded to Santander and HSBC, and Ps.23,100 to other financial institutions), Ps.808,607 (out of which Ps.338,336 corresponded to Santander and Ps.470,271 to other financial institutions), and Ps.311,158 (out of which Ps.227,436 corresponded to Santander and Ps.83,722 to other financial institutions) for the years ended December 31, 2023, 2022 and 2021 which can lead to concentration of liquidity risk. However, the Company chooses which accounts payable the financial institutions will settle and decides which accounts will remain payable to the suppliers, being able to manage such risk.

The Company's contractual maturities of its financial liabilities are detailed below according to the maturity periods. The table has been prepared on the basis of cash flows without discounting, from the first date on which the Company may be required to pay. The table includes the cash flows corresponding to the principal amount and its interest.

	Up to 1 year	More than 1 and up to 3 Years	Over 3 and up to 5 Years	More than 5 years	Total
December 31, 2023					
Debt (excluding issuance costs)	Ps. 768,576	Ps. 423,962	Ps. —	Ps. —	Ps. 1,192,538
Debt with related parties	—	1,665,422	—	—	1,665,422
Interest payable on Promissory Notes	—	5,087,245	—	—	5,087,245
Costs of modification and remeasurement of Promissory Notes	—	80,244	—	—	80,244
Accounts payable and accrued expenses	322,959	—	—	—	322,959
Suppliers	7,126,089	—	—	—	7,126,089
Lease liabilities	1,293,219	2,382,138	2,062,570	6,401,351	12,139,278
Total	Ps. 9,510,843	Ps. 9,639,011	Ps. 2,062,570	Ps. 6,401,351	Ps. 27,613,775

	Up to 1 year	More than 1 and up to 3 Years	Over 3 and up to 5 Years	More than 5 years	Total
December 31, 2022					
Debt (excluding issuance costs)	Ps. 518,771	Ps. 129,770	Ps. 290,423	Ps. —	Ps. 938,964
Debt with related parties	1,936	1,906,790	—	—	1,908,726
Interest payable on Promissory Notes	6,251	3,301,598	371,193	—	3,679,042
Accounts payable and accrued expenses	273,731	—	—	—	273,731
Suppliers	5,390,192	—	—	—	5,390,192
Lease liabilities	1,016,922	1,904,078	1,680,986	5,578,216	10,180,202
Total	Ps. 7,207,803	Ps. 7,242,236	Ps. 2,342,602	Ps. 5,578,216	Ps. 22,370,857

5.2. Capital risk

The objectives of the Company to manage capital are to safeguard the Company's ability to continue as an ongoing business, maximize benefits for shareholders and maintain an optimal capital structure to reduce the cost of capital.

With the objective of maintaining or adjusting the capital structure, the Company can reduce capital in favor of shareholders and / or to cover accumulated losses. Nevertheless, the Company is subject to the restrictions described in Note 13.3d. Consistent with other participants in the industry, the Company monitors capital based on the operating leverage ratio.

5.3. Exchange rate risks

The Company's exposure to the volatility of the exchange rate of its functional currency against the US dollar (USD) for the Company's financial instruments is shown as follows (figures in this table expressed in USD):

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	December 31, 2023	December 31, 2022	December 31, 2021
Financial assets	13,643,181	15,090,609	7,895,480
Financial liabilities	(287,343,524)	(246,151,781)	(214,784,571)
Foreign exchange monetary position	(273,700,343)	(231,061,172)	(206,889,091)

The exchange rates at the date of the financial statements, for one US dollar, were as follows:

	Average exchange rate			Closing exchange rate		
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022	December 31, 2021
MXN/USD	17.7338	20.1205	20.2822	16.8935	19.3615	20.3058

Based on the financial positions in foreign currency maintained by the Company which derives mainly from maintaining debt contracts and assets denominated in U.S. dollar, a hypothetical variation of 10% in the MXN/USD exchange rate and keeping all other variables constant would result in a profit or loss of Ps.462,376, Ps.447,369, and Ps.425,850, in the consolidated statement of profit or loss and stockholders' equity as of December 31, 2023, 2022 and 2021.

5.4. Interest rate risk

The Company's debt is at fixed rates; therefore the Company is not exposed to interest rate variation risk of loans bearing interest at variable rates. However, fixed-interest loans expose the Company to interest rate risk at fair value, which implies that the Company might be paying interest at rates significantly different from those of an observable market.

Note 6 - Cash and cash equivalents

Cash and cash equivalents presented in the consolidated statements of financial position consist of the following:

	December 31, 2023	December 31, 2022
Cash	Ps. 1,051,641	Ps. 934,166
Cash-in-transit ⁽¹⁾	143,496	42,044
Short term investments ⁽²⁾	25,334	8,766
Total	Ps. 1,220,471	Ps. 984,976

(1) The amount owed by banks for transactions with credit cards, debit cards, and electronic transfers.

(2) As of December 31, 2023 and 2022, the Company had a cash balance within a Trust in the amount of Ps.25,226, and Ps.344, respectively. The Trust is a payment guarantee trust with the purpose of guaranteeing the payment related to the reverse factoring transaction that the Company entered with Santander and HSBC (see Note 3.8).

Note 7 - Cash flows information

a. Transactions not requiring the use of cash flows:

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	December 31, 2023	December 31, 2022	December 31, 2021
Investing activities			
Right-of-use assets	Ps. (1,422,168)	Ps. (2,133,410)	Ps. (987,846)
Property, furniture, equipment, lease-hold improvements	(178,685)	(441,131)	(178,030)
Financing activities			
Lease liabilities	Ps. 1,422,168	Ps. 2,133,410	Ps. 987,846
Long-term debt	178,685	441,131	178,030

b. Reconciliation of financing items:

	Promissory Notes		Financing of transportation and store equipment	Supplier finance arrangement	Total
	Related parties	Third parties (debt)	Debt	Debt	
As of January 1, 2021	Ps. 3,376,117	Ps. 202,131	Ps. 112,666	Ps. —	Ps. 3,690,914
Increase of new debt (non-cash transactions)	—	—	178,030	—	178,030
Proceeds from Promissory Notes	—	149,411	—	—	149,411
Interest payable on Promissory Notes (non cash)	488,634	48,777	—	—	537,411
Payment of debt	—	—	(205,894)	—	(205,894)
Interest payment on debt	—	—	(23,369)	—	(23,369)
Accrued interest on debt	—	—	23,369	—	23,369
Finance obtained through supplier finance arrangements	—	—	—	332,862	332,862
Payments made on reverse factoring transactions	—	—	—	(105,426)	(105,426)
Exchange fluctuation	114,692	9,807	—	—	124,499
As of December 31, 2021	Ps. 3,979,443	Ps. 410,126	Ps. 84,802	Ps. 227,436	Ps. 4,701,807
Increase of new debt (non-cash transactions)	—	—	441,131	—	441,131
Interest payable on Promissory Notes (non cash)	553,756	61,836	—	—	615,592
Payment of debt	—	—	(360,107)	—	(360,107)
Interest payment on debt	—	—	(41,859)	—	(41,859)
Accrued interest on debt	—	—	41,859	—	41,859
Proceeds from credit line	—	—	82,527	—	82,527
Finance obtained through supplier finance arrangements	—	—	—	1,528,143	1,528,143
Payments made on reverse factoring transactions	—	—	—	(1,417,243)	(1,417,243)
Exchange fluctuation	(257,141)	(26,681)	—	—	(283,822)
As of December 31, 2022	Ps. 4,276,058	Ps. 445,281	Ps. 248,353	Ps. 338,336	Ps. 5,308,028
Increase of new debt (non-cash transactions)	—	—	178,685	—	178,685
Loss related to modification and measurement of Promissory Notes	82,893	1,343	—	—	84,236
Interest payable on Promissory Notes (non cash)	556,883	62,896	—	—	619,779
Payment of debt	—	—	(104,769)	—	(104,769)
Interest payment on debt	—	—	(25,224)	—	(25,224)
Accrued interest on debt	—	—	25,224	—	25,224
Proceeds from credit lines	—	—	99,618	—	99,618
Finance obtained through supplier finance arrangements	—	—	—	2,195,833	2,195,833
Payments made on reverse factoring transactions	—	—	—	(2,084,319)	(2,084,319)
Exchange fluctuation	(575,382)	(59,804)	—	—	(635,186)
As of December 31, 2023	Ps. 4,340,452	Ps. 449,716	Ps. 421,887	Ps. 449,850	Ps. 5,661,905

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Note 8 - Inventories

Inventories are analyzed as follows:

	December 31, 2023	December 31, 2022
Merchandise for sale	Ps. 2,357,485	Ps. 1,931,605
	Ps. 2,357,485	Ps. 1,931,605

As of December 31, 2023, the Company recognized an expense in cost of sales of Ps.30,409 for the write-down of inventories due to Hurricane Otis (see Note 1).

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Note 9 - Properties, furniture, equipment and lease-hold improvements – Net

The reconciliation between values of properties, furniture, equipment and lease-hold improvements at beginning and end of period is as shown below:

	Buildings	Land	Transportation equipment cars	Transportation equipment trucks	Furniture and equipment	Store equipment	Store shelving equipment	Lease-hold improvements	Computer equipment	Storage equipment	Molds	Total
December 31, 2023												
Initial balance	P s. 259	P s. 871	P s. 20,442	P s. 313,219	P s. 44,235	P s. 567,115	P s. 453,608	P s. 1,633,311	P s. 97,123	P s. 34,021	P s. —	P s. 3,164,204
Acquisitions	—	—	6,321	172,364	29,110	435,466	149,192	1,097,423	80,218	6,609	—	1,976,703
Advance payments	—	—	—	—	—	—	—	—	—	—	—	—
Disposals	—	—	(123)	(3,402)	—	(7)	(42)	—	—	(202)	—	(3,776)
Impairment	—	—	—	—	(8,734)	(4,574)	—	(26,069)	(3,045)	—	—	(42,422)
Depreciation	(74)	—	(11,497)	(50,952)	(7,480)	(93,469)	(30,427)	(236,090)	(53,630)	(4,790)	—	(488,409)
Final balance	P s. 185	P s. 871	P s. 15,143	P s. 431,229	P s. 57,131	P s. 904,531	P s. 572,331	P s. 2,468,575	P s. 120,666	P s. 35,638	P s. —	P s. 4,606,300
December 31, 2023												
Cost	1,481	871	98,761	599,230	103,320	1,257,024	706,895	3,202,654	350,920	56,181	3,580	6,380,917
Impairment	—	—	—	—	(8,734)	(4,574)	—	(26,069)	(3,045)	—	—	(42,422)
Accumulated depreciation	(1,296)	—	(83,618)	(168,001)	(37,455)	(347,919)	(134,564)	(708,010)	(227,209)	(20,543)	(3,580)	(1,732,195)
Final balance	P s. 185	P s. 871	P s. 15,143	P s. 431,229	P s. 57,131	P s. 904,531	P s. 572,331	P s. 2,468,575	P s. 120,666	P s. 35,638	P s. —	P s. 4,606,300
December 31, 2022												
Initial balance	P s. 333	P s. 871	P s. 33,174	P s. 190,328	P s. 28,061	P s. 343,656	P s. 280,758	P s. 937,689	P s. 65,417	P s. 20,291	P s. 7	P s. 1,900,585
Acquisitions	—	—	954	156,449	21,319	283,728	194,928	817,901	71,290	17,439	—	1,564,008
Advance payments	—	—	—	—	—	—	—	—	—	—	—	—
Disposals	—	—	—	(1,618)	—	(23)	(973)	—	—	(32)	—	(2,646)
Depreciation	(74)	—	(13,686)	(31,940)	(5,145)	(60,246)	(21,105)	(122,279)	(39,584)	(3,677)	(7)	(297,743)
Final balance	P s. 259	P s. 871	P s. 20,442	P s. 313,219	P s. 44,235	P s. 567,115	P s. 453,608	P s. 1,633,311	P s. 97,123	P s. 34,021	P s. —	P s. 3,164,204
December 31, 2022												
Cost	1,481	871	96,279	432,190	74,210	824,757	557,802	2,107,621	270,702	50,344	3,580	4,419,837
Accumulated depreciation	(1,222)	—	(75,837)	(118,971)	(29,975)	(257,642)	(104,194)	(474,310)	(173,579)	(16,323)	(3,580)	(1,255,633)
Final balance	P s. 259	P s. 871	P s. 20,442	P s. 313,219	P s. 44,235	P s. 567,115	P s. 453,608	P s. 1,633,311	P s. 97,123	P s. 34,021	P s. —	P s. 3,164,204

The depreciation of properties, furniture, equipment and lease-hold improvements amounted to Ps.488,409, Ps.297,743 and Ps.212,829 for the years ended December 31, 2023, 2022 and 2021, respectively, and Ps.94,121, Ps.50,883 and Ps.34,008 was recognized in cost of sales and Ps.394,288, Ps.246,860 and Ps.178,821 in sales expenses, respectively, for such years. In addition, the Company recognized an impairment loss of Ps.42,422 due to property damage from Hurricane Otis (see Note 1), which was recognized in the statement of profit or loss as other expenses.

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Note 10 - Right-of-use assets – Net

The Company has signed various leasing contracts used in its operations, including machinery, vehicles, other equipment and commercial premises. There are no future cash outflows derived from residual value guarantees, restrictions imposed by tenants on sale and leaseback transactions.

The average term of the lease contracts as of December 31, 2023 and 2022 is disclosed in Note 3.18. The Company applies the recognition exemptions with respect to “short-term leases” and “low-value asset leases.”

The right-of-use asset recognized in the consolidated statement of financial position as of December 31, 2023 and 2022, is as follows:

	Building	Transportation equipment	Store equipment	Total
As of January 1, 2022	Ps. 2,911,515	Ps. 32,473	Ps. 103,978	Ps. 3,047,966
Additions	2,021,858	32,760	78,791	2,133,409
Depreciation	(460,485)	(9,234)	(15,197)	(484,916)
As of December 31, 2022	Ps. 4,472,888	Ps. 55,999	Ps. 167,572	Ps. 4,696,459
Additions	1,282,448	63,778	75,942	1,422,168
Depreciation	(553,468)	(20,693)	(23,870)	(598,031)
As of December 31, 2023	Ps. 5,201,868	Ps. 99,084	Ps. 219,644	Ps. 5,520,596

During the years ended December 31, 2023, 2022 and 2021, the Company had expenses related to low-value leased assets and short-term leases included in sale and administrative expenses for an amount of Ps.18,370, Ps.6,387 and Ps.2,232, respectively. During the same periods, the Company did not have variable lease payments.

The Company had total cash outflows for leases of Ps.1,186,260 in 2023, Ps.826,730 in 2022 and Ps.598,432 in 2021. For the years ended December 31, 2023, 2022 and 2021, the Company recognized Ps.89,931, Ps.66,935 and Ps.60,059 of depreciation of the right-of-use asset in the cost of sales, and Ps.508,100, Ps.417,981 and Ps.255,299 in sale expenses, respectively.

The Company has several lease contracts that include extension and termination options. These options are negotiated by Management to provide flexibility in managing the leased-asset portfolio and align with the Group business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (See Note 4.1). As of December 31, 2023, 2022 and 2021 the Company considered all optional extensions that are enforceable in its lease contracts; therefore, there are no future cash outflows derived from extensions that are not planned to be exercised.

BBB Foods Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

Note 11 - Intangible Assets – Net

As of December 31, 2023 and 2022, the intangible assets of defined useful lives were comprised as follows:

	December 31, 2023	December 31, 2022
Initial balance	Ps. 8,241	Ps. 7,831
Additions	1,185	2,805
Amortization	(2,655)	(2,395)
Final balance	Ps. 6,771	Ps. 8,241
Cost	19,872	18,687
Accumulated amortization	(13,101)	(10,446)
Final balance	Ps. 6,771	Ps. 8,241

For the years ended December 31, 2023, 2022 and 2021 the amortization, which was recognized in the statement of profit or loss, amounted to Ps.2,655, Ps.2,395 and Ps.1,967, respectively.

Note 12 - Financial instruments by category

The Company classified their financial assets and liabilities as follows:

	December 31, 2023	December 31, 2022
Financial assets at amortized cost:		
Cash and cash equivalents	Ps. 1,220,471	Ps. 984,976
Sundry debtors	11,020	19,885
Total	Ps. 1,231,491	Ps. 1,004,861
	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Debt with related parties	Ps. 4,340,452	Ps. 4,276,058
Accounts payable and accrued expenses	322,959	273,731
Suppliers	7,126,089	5,390,192
Lease liabilities	6,244,222	5,245,442
Debt	1,321,455	1,031,970
Total	19,355,177	16,217,393

Fair value of financial assets and liabilities measured at amortized cost

As of December 31, 2023 and 2022, the amount of cash and cash equivalents, sundry debtors and suppliers approximate their fair value due to their short-term maturity. The net carrying amount of these accounts represents the expected cash flows to be received.

BBB Foods Inc.**Notes to the Consolidated Financial Statements****As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021**

In addition, the estimated carrying amount and fair value of the liabilities measured at amortized costs are as follows:

	December 31, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Debt to related parties and debt to third parties ⁽¹⁾	Ps. 4,790,168	Ps. 4,798,894	Ps. 4,721,340	Ps. 4,818,245

- (1) The estimated fair value of debt to related parties and debt to third parties is estimated together since both reflect the outstanding amount of the Promissory Notes issued by the Company. As of December 31, 2023 and 2022, the fair value was determined based on the discounted cash flows, using a US\$ composite rate, plus the credit spread of the Company and the country risk indicator if it applies. The fair value measurement of debt is considered within the Level 2 of the fair value hierarchy.

Long-term fixed-rate and variable-rate interest-bearing loans and borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, and the risk characteristics of the financed project.

As of December 31, 2023 and 2022, there were no transfers between the levels of the fair value hierarchy.

Fair value hierarchy

The following is an analysis of financial instruments measured in accordance with the fair value hierarchy. The 3 different levels used are presented below:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Other valuations including quoted prices for similar instruments in active markets, which are directly or indirectly observable.
- Level 3: Valuations made through techniques where one or more of their significant data inputs are unobservable.

BBB Foods Inc.
Notes to the Consolidated Financial Statements
As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021
Note 13 - Debt with related parties
13.1. Transactions with related parties

	December 31, 2023	December 31, 2022	December 31, 2021
Interest expense on Promissory Notes payable to shareholders	Ps. 152,063	Ps. 151,198	Ps. 133,406
Interest expense on Promissory Notes payable to other related parties	389,021	386,966	341,585
Interest expense on Promissory Notes payable to key Management personnel	14,349	14,162	12,392
Interest expense on Promissory Notes payable to close family member of key Management	1,449	1,430	1,251
Costs of modification and remeasurement of Promissory Notes payable to shareholder	20,719	—	—
Costs of modification and remeasurement of Promissory Notes payable to other related party	59,951	—	—
Costs of modification and remeasurement of Promissory Notes payable to key management personnel	2,019	—	—
Costs of modification and remeasurement of Promissory Notes payable to close member family of key management	204	—	—
Deferred bonus expense payable to key Management personnel	—	11,787	4,187
Interest accrued on bonus payable to key Management personnel	4,523	3,460	3,077
Professional fees payable to other related parties ⁽¹⁾	1,868	2,048	2,085
Total	Ps. 646,166	Ps. 571,051	Ps. 497,983

⁽¹⁾ Corresponds to the annual payment made on an arms-length transaction to QS Management Ltd which is a related party of QS BBB, related to professional services.

13.2. Balances with related parties

	December 31, 2023	December 31, 2022
Current Liabilities		
Deferred bonus payable to related parties ⁽²⁾	Ps. 43,161	Ps. —
Other bonus payable	35,269	43,834
Total	Ps. 78,430	Ps. 43,834
Non-Current Liabilities		
Debt with related parties ⁽¹⁾	Ps. 4,340,452	Ps. 4,276,058
Deferred Bonus payable to related parties ⁽²⁾	—	44,528
Total	Ps. 4,340,452	Ps. 4,320,586

⁽¹⁾ Corresponds to Promissory Notes

BBB Foods Inc.

Notes to the Consolidated Financial Statements

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- (2) Part of this payment was deferred and accrued interest at a rate from 10% to 15%, and will be paid in an exit event (such as an IPO). See Note 5.1 and the corresponding interest in Note 13.1.

13.3. As of December 31, 2023 and 2022, the Company's debt under Promissory Notes was as follows:

Debt with related parties

December 31, 2023								
Promissory Notes	Amount of the Promissory Notes US\$ ⁽¹⁾	Currency	Principal Ps. ⁽²⁾	Accrued Interest Payable Ps. ⁽²⁾	Total Ps. ⁽²⁾	Interest Rate	Maturity	Guarantee ⁽³⁾
Non-Current								
Senior Promissory Notes (Note 13a)	94,747,329	US\$	1,592,780	2,565,678	4,158,458	14 %	Dec 2026	Guaranteed
2017 Junior Promissory Notes (Note 13b)	5,000,000	US\$	70,953	108,292	179,245	15 %	Dec 2026	Guaranteed
2020 Junior Promissory Notes (Note 13c)	650,000	US\$	1,689	1,060	2,749	14 %	Dec 2026	Guaranteed
Total	100,397,329		1,665,422	2,675,030	4,340,452			

- (1) Amounts in the "Amount of the Promissory Notes" column are presented in the original issuance amount in US\$.
- (2) Amounts in the "Principal", "Accrued Interest Payable" and "Total" columns are presented in thousands of Mexican peso. These columns correspond only to amounts due to related parties of BBB Foods Inc., the remainder of the amount of each Promissory Notes is disclosed as debt (see Note 14).
- (3) On November 20, 2020, the Mexican Subsidiaries became guarantors of BBB Foods Inc.'s obligations under the Promissory Notes guaranteeing payment at maturity in case of default or breach of a covenants of BBB Foods Inc.

Debt with related parties

December 31, 2022								
Promissory Notes	Amount of the Promissory Notes US\$ ⁽¹⁾	Currency	Principal Ps. ⁽²⁾	Accrued Interest Payable Ps. ⁽²⁾	Total Ps. ⁽²⁾	Interest Rate	Maturity	Guarantee ⁽³⁾
Non-Current								
Senior Promissory Notes (Note 13a)	94,747,329	US\$	1,825,472	2,272,766	4,098,238	14 %	May 2024	Guaranteed
2017 Junior Promissory Notes (Note 13b)	5,000,000	US\$	81,318	93,796	175,114	15 %	May 2024	Guaranteed
2020 Junior Promissory Notes (Note 13c)	650,000	US\$	1,936	770	2,706	14 %	May 2024	Guaranteed
Total	100,397,329		1,908,726	2,367,332	4,276,058			

- (1) Amounts in the "Amount of the Promissory Notes" column are presented in the original issuance amount in US\$.
- (2) Amounts in the "Principal", "Accrued Interest Payable" and "Total" columns are presented in thousands of Mexican peso. These columns correspond only to amounts due to related parties of BBB Foods Inc., the remainder of the amount of each Promissory Notes is disclosed as debt (see Note 14).
- (3) On November 20, 2020, the Mexican Subsidiaries became guarantors of BBB Foods Inc.'s obligations under the Promissory Notes guaranteeing payment at maturity in case of default or breach of a covenants of BBB Foods Inc.

Terms and conditions of the Promissory Notes

BBB Foods Inc.**Notes to the Consolidated Financial Statements****As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021**

- a. Senior Promissory Notes: On November 30, 2016, BBB Foods Inc. entered into a Senior Promissory Notes Agreement, pursuant to which the Company issued promissory notes (the “Senior Notes”) in the aggregate amount of US\$94,747,329. In Mexican peso, the principal amounts were Ps.1,600,614 and Ps.1,834,450, as of December 31, 2023 and 2022, respectively (of which 99.5% was due to related parties and 0.5% to third parties, as shown below) with an original term of 6 years (with a maturity date of November 30, 2022), bearing interest at an annual rate of 14%, with principal and interest payable at maturity. Accrued interest was Ps.2,578,298 (US\$152,620,740), and Ps.2,283,945 (US\$117,963,235), as of December 31, 2023 and 2022, respectively (See Note 5.3 for exchange rates used). On November 23, 2021, the holders of the Senior Notes agreed to extend the maturity thereof for almost 2 years, to May 31, 2024. On October 23, 2023, the Company signed a new amendment to extend the maturity to December 31, 2026 agreeing to pay an additional amount of US\$4,100,000 at maturity to the registered holders, and an advisory fee of US\$400,000 to QS Management Ltd., in order to modify the existing terms and conditions of the original debt, which leads to classify the transaction as a modification of debt. Consequently, these additional amounts adjusted the carrying amount of the liability related to this modification with the corresponding loss recognized as finance costs. Subsequently, as of December 31, 2023, the Company remeasured the amortized cost of the debt due to changes on the expectation of cash flows and recognized an additional loss. As follows the breakdown for each concept:

	Modification of debt	Remeasurement of debt
Debt - Third parties (Note 14)	Ps. 258	Ps. 132
Related parties	52,518	26,894
Total	Ps. 52,776	Ps. 27,026

As mentioned above, the holders of the Senior Notes include related parties, such as shareholders, as well as third parties, so the total amount of the Senior Notes has been split to show the nature of the counterparty creditors. See Note 14 for further information.

BBB Foods Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

Amounts outstanding under the Senior Notes were comprised as follows:

	December 31, 2023	December 31, 2022
Related parties	Ps. 4,158,458	Ps. 4,098,238
Debt - Third parties (Note 14)	20,454	20,158
Total	Ps. 4,178,912	Ps. 4,118,396

The related parties were as follows:

	December 31, 2023	December 31, 2022
BBB Foods Inc. shareholders	Ps. 1,122,056	Ps. 1,105,807
Investment fund related to QS BBB (see Note 1)	3,035,234	2,991,279
Key management personnel	1,168	1,152
Total	Ps. 4,158,458	Ps. 4,098,238

- b. 2017 Junior Promissory Notes: On August 9, 2017, BBB Foods Inc. entered into a Junior Promissory Notes Agreement, pursuant to which the Company issued promissory notes (the "2017 Junior Notes") in the aggregate amount of US\$5,000,000. In Mexican peso the principal amounts were Ps.84,468 and Ps.96,808, as of December 31, 2023 and 2022, respectively (of which 84% was due to related parties and 16% to third parties, as shown below) with an original term of 5 years (with a maturity date of November 30, 2022) bearing interest at an annual rate of 15%, with principal and interest payable at maturity. Accrued interest was Ps.128,919 (US\$7,631,284) and Ps.111,661 (US\$5,767,168), as of December 31, 2023 and 2022, respectively (See Note 5.3 for exchange rates used). On November 23, 2021, the holders of the 2017 Junior Notes agreed to extend the maturity thereof for almost 2 years, to May 31, 2024. On October 23, 2023, the Company signed a new amendment to extend the maturity to December 31, 2026 agreeing to pay an additional amount of US\$230,000 to the registered holders, in order to modify the existing terms and conditions of the original debt, which leads to classify the transaction as a modification of debt. Consequently, this additional amount adjusted the carrying amount of the liability related to this modification with the corresponding loss recognized as finance costs. Subsequently, as of December 31, 2023, the Company remeasured the amortized cost of the debt due to changes on the expectation of cash flows and recognized an additional loss. As follows the breakdown for each concept:

	Modification of debt	Remeasurement of debt
Debt - Third parties (Note 14)	Ps. 404	Ps. 249
Related parties	2,121	1,305
Total	Ps. 2,525	Ps. 1,554

As mentioned above, the holders of the 2017 Junior Notes include related parties, which includes shareholders, as well as third parties, so the total amount of the 2017 Junior Notes has been split to show the nature of the counterparty creditors. See Note 14 for further information.

Amounts outstanding under the 2017 Junior Notes were comprised as follows:

	December 31, 2023	December 31, 2022
Related parties	Ps. 179,245	Ps. 175,114
Debt - Third parties (Note 14)	34,142	33,355
Total	Ps. 213,387	Ps. 208,469

BBB Foods Inc.
Notes to the Consolidated Financial Statements
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The related parties were as follows:

	December 31, 2023	December 31, 2022
Key Management personnel	Ps. 104,559	Ps. 102,150
BBB Foods Inc. shareholders	59,748	58,371
Close family member of key Management	10,670	10,424
Other related parties	4,268	4,169
Total	Ps. 179,245	Ps. 175,114

- c. 2020 Junior Promissory Notes: On June 30, 2020, BBB Foods Inc. entered into a Junior Promissory Notes Agreement, whereby the Company issued promissory notes (the “2020 Junior Notes”), in the aggregate amount of US\$650,000. In Mexican peso, the principal amounts were Ps.10,981 and Ps.12,585, as of December 31, 2023 and 2022, respectively (out of which 15.4% corresponded to related parties and 84.6% to third parties, as shown below) with an original term of 3 years (with a maturity date of June 30, 2023), bearing interest at an annual rate of 14%, with principal and interest payable at maturity. Accrued interest was Ps.6,887 (US\$407,613) and Ps.5,012 (US\$258,884), as of December 31, 2023 and 2022, respectively (See Note 5.3 for exchange rate used). On November 23, 2021, the holders of the 2020 Junior Notes agreed to extend the maturity of the 2020 Junior Notes for almost 1 year, to May 31, 2024. On October 23, 2023, the Company signed a new amendment to extend the maturity to December 31, 2026 agreeing to pay an additional amount of US\$20,000 to the registered holders, in order to modify the existing terms and conditions of the original debt, which leads to classify the transaction as a modification of debt. Consequently, this additional amount adjusted the carrying amount of the liability related to this modification with the corresponding loss recognized as finance costs. Subsequently, as of December 31, 2023, the Company remeasured the amortized cost of the debt due to changes on the expectation of cash flows and recognized an additional loss. As follows the breakdown for each concept:

	Modification of debt	Remeasurement of debt
Debt - Third parties (Note 14)	Ps. 191	Ps. 109
Related parties	35	20
Total	Ps. 226	Ps. 129

As mentioned above, the holders of the 2020 Junior Notes include related parties, such as shareholders as well as third parties, so the total amount of the 2020 Junior Notes has been split to show the nature of the counterparty creditors. See Note 14 for further information.

Amounts outstanding under the 2020 Junior Notes were comprised as follows:

	December 31, 2023	December 31, 2022
Related parties	Ps. 2,749	Ps. 2,707
Debt - Third parties (Note 14)	15,118	14,890
Total	Ps. 17,867	Ps. 17,597

The related parties were as follows:

BBB Foods Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

	December 31, 2023	December 31, 2022
BBB Foods Inc. shareholders	Ps. 2,749	Ps. 2,707
Total	Ps. 2,749	Ps. 2,707

d. Covenants

The Promissory Notes contain certain provisions that limit the Company's ability to incur additional debt; pay dividends, make certain investments, and reduce its share capital, among others. The Promissory Notes also establish minimum requirements for carrying out portfolio securitizations and limit the Company's ability to enter into transactions with related parties. As of December 31, 2023, 2022 and 2021 the Company was in compliance with all covenants under the Promissory Notes.

As a subsequent event, between February 14 and 16, 2024, the Company repaid in full the outstanding amount of Senior, 2017 Junior and 2020 Junior Promissory Notes and Convertible Notes, in the aggregate amount of US\$288,116,421 (Ps.4,934,138 translated at a foreign exchange rate of 17.1255 Mexican pesos per U.S. dollar) with the proceeds of the IPO (see Note 23).

13.4. Key Management personnel compensation

a) Compensation to key Management personnel during the years ended December 31, 2021 was Ps.97,936. The compensation for 2021 was paid to a third party (hired until July 31, 2021) and recognized as an expense during the corresponding reporting period.

The total compensation paid by the Company starting on August 1, 2021, amounted to Ps.57,129, and the Company incurred an expense for bonuses payable to key Management personnel for an amount of Ps.4,187 (See Note 13.1). Additionally, the Company incurred an expense for other bonuses of Ps.46,053.

The amount pending to be paid regarding bonuses as of December 31, 2023 and 2022, amounted to Ps.43,161 and Ps.44,527, respectively (See Note 13.2).

In addition, the Company incurred expenses for share-based payments during the years ended December 31, 2021 in the amount of Ps.132,456.

	December 31, 2023	December 31, 2022
Share-based payments	Ps. 334,493	Ps. 250,375
Short-term employee benefits	122,370	98,137
Other bonuses ⁽¹⁾	58,620	51,150
Deferred bonus (See Note 13.1)	—	11,787
	Ps. 515,483	Ps. 411,449

⁽¹⁾ The outstanding amount payable of these bonuses as of December 31, 2023 and 2022 is Ps.35,269 and Ps.43,834, respectively. (See Note 13.2).

b) The CEO of BBB Foods Inc. is shareholder of Bolton Partners LTD, a related party.

Note 14 - Debt

The Company's debt is as follows:

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Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

	December 31, 2023		December 31, 2022	
Short-term debt:				
Short-term document payable	Ps.	112,142	Ps.	70,373
Supplier finance arrangement ^{(1) (3)}		449,850		338,336
Santander credit line ⁽²⁾		182,145		82,527
Total of short-term debt	Ps.	744,137	Ps.	491,236
Long-term debt:				
Long-term document payable	Ps.	127,602	Ps.	95,453
Promissory Notes		449,716		445,281
Total of long-term debt	Ps.	577,318	Ps.	540,734
Total debt:	Ps.	1,321,455	Ps.	1,031,970

- (1) According to the Agreement with Santander, the Company's liability to Santander related to the accounts payable factored by its suppliers is allowed to be for an aggregate amount of up to Ps.350,000. On December 4, 2023, the Company agreed with Santander to increase the aggregate amount to Ps.500,000. As of December 31, 2023 and 2022, the Company had Ps.284,080 and Ps.11,664, respectively, available under the Agreement with Santander.
- (2) As of December 31, 2022, the Company's liability to Santander related to the credit line in an aggregate amount of up to Ps.100,000. On December 4, 2023, the Company increased the aggregate amount of the credit line up to Ps.300,000. As of December 31, 2023 and 2022, the Company had an available credit line amount pending to be withdrawn of Ps.117,855 and Ps.17,473, respectively. In addition, on December 4, 2023, the Company entered into an additional credit line agreement with Santander for an amount of up to Ps.200,000. As of December 31, 2023, the Company had not used this credit line.
- (3) According to the HSBC Agreement, the Company's liability to HSBC related to the supplier finance arrangement and the credit line is for a combined aggregate amount of Ps.450,000. As of December 31, 2023, the Company did not have an outstanding balance under the credit line; however, the Company had an outstanding balance related to the supplier finance arrangement and, consequently, the Company had a total available amount of Ps.216,070.

i. Debt

Debt is an agreement for the financing of transportation and store equipment, which is pledged as collateral. As of December 31, 2023 and 2022, there were no current restrictions on the use of such pledged assets. Total short-term and long-term debt as of December 31, 2023 and 2022 was denominated, in Mexican peso and accrue monthly interest as shown below:

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Institution	Concept	Effective rate	Remaining contract period ⁽¹⁾	2023	2022
Banco Mercantil del Norte	Transportation equipment	From 11.90 to 15.99	1 year	Ps. 149	Ps. 149
Daimler Chrysler Financial Services	Transportation equipment	From 11.25 to 13.20	1 year	111,551	67,563
Daimler Chrysler Financial Services	Transportation equipment	From 11.25 to 13.20	3 years	127,602	94,928
NR Finance México, S.A. de C.V. SOFOM E.N.R.	Transportation equipment	From 2.08 to 14.99	1 year	13	1,613
NR Finance México, S. A. de C. V. SOFOM E.N.R.	Transportation equipment	From 2.08 to 14.99	From 2 to 3 years	—	78
TOYOTA Financial Services	Transportation equipment	13.99	1 year	70	320
TOYOTA Financial Services	Transportation equipment	13.99	2 years	—	88
Grupo Financiero Santander	Transportation equipment	12.99	1 year	123	126
Grupo Financiero Santander	Transportation equipment	12.99	2 years	—	123
CETELM SA de CV	Transportation equipment	From 12.74 to 14.00	1 year	—	131
Arrendadora Afirme	Transportation equipment	From 9.95 to 11.7	1 year	236	471
Arrendadora Afirme	Transportation equipment	11.7	3 years	—	236
Grupo Financiero Santander	Santander credit line	TIIE + 3.15	1 year	182,145	82,527
Supplier finance arrangement	HSBC	N/A	N/A	233,930	—
Supplier finance arrangement	Santander	N/A	N/A	215,920	338,336
Total of document payable				Ps. 871,739	Ps. 586,689
Total of short-term document payable				744,137	491,236
Total of long-term document payable				Ps. 127,602	Ps. 95,453

- (1) Relates to the remaining period of the contract. Nevertheless, multiple contracts are included in each row. In addition, the value of the contract for 1 year and for more than one year is included.

ii. Promissory Notes

As of December 31, 2023 and 2022, the Company's debt under Promissory Notes was as follows:

December 31, 2023								
Promissory Notes	Amount of the Promissory Notes US\$ ⁽¹⁾	Currency	Principal Ps. ⁽²⁾	Accrued Interest Payable Ps. ⁽²⁾	Total Ps. ⁽²⁾	Interest Rate	Maturity	Guarantee ⁽³⁾
Non-Current								
Senior Promissory Notes (Note 13a)	94,747,329	US\$	7,834	12,620	20,454	14 %	Dec 2026	Guaranteed
2017 Junior Promissory Notes (Note 13b)	5,000,000	US\$	13,515	20,627	34,142	15 %	Dec 2026	Guaranteed
2020 Junior Promissory Notes (Note 13c)	650,000	US\$	9,291	5,827	15,118	14 %	Dec 2026	Guaranteed
Convertible Notes (Note 14a)	15,000,000	US\$	248,569 ⁽⁴⁾	131,433	380,002	14 %	Nov 2026	Guaranteed
Total	115,397,329		279,209	170,507	449,716			

- (1) Amounts in the "Amount of the Promissory Notes" column is presented in the original issuance amount in US\$.
- (2) Amounts in the "Principal", "Accrued Interest Payable" and "Total" columns are presented in thousands of Mexican peso. These columns correspond only to amounts due to non-related parties of BBB Foods Inc. The remainder of the amount of each Promissory Note is disclosed as debt to related parties (see Note 13).
- (3) On November 20, 2020, the Mexican Subsidiaries became guarantors of BBB Foods Inc.'s obligations under the Promissory Notes guaranteeing payment at maturity in case of default or breach of a covenants of BBB Foods Inc.

December 31, 2022								
Promissory Notes	Amount of the Promissory Notes US\$ ⁽¹⁾	Currency	Principal Ps. ⁽²⁾	Accrued Interest Payable Ps. ⁽²⁾	Total Ps. ⁽²⁾	Interest Rate	Maturity	Guarantee ⁽³⁾
Non-Current								
Senior Promissory Notes (Note 13a)	94,747,329	US\$	8,979	11,179	20,158	14 %	May 2024	Guaranteed
2017 Junior Promissory Notes (Note 13b)	5,000,000	US\$	15,489	17,866	33,355	15 %	May 2024	Guaranteed
2020 Junior Promissory Notes (Note 13c)	650,000	US\$	10,649	4,241	14,890	14 %	May 2024	Guaranteed
Convertible Notes (Note 14a)	15,000,000	US\$	284,882 ⁽⁴⁾	91,996	376,878	14 %	Nov 2026	Guaranteed
Total	115,397,329		319,999	125,282	445,281			

- (4) Amounts in the "Amount of the Promissory Notes" column is presented in the original issuance amount in US\$.

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- (5) Amounts in the “Principal”, “Accrued Interest Payable” and “Total” columns are presented in thousands of Mexican peso. These columns correspond only to amounts due to non-related parties of BBB Foods Inc. The remainder of the amount of each Promissory Note is disclosed as debt to related parties (see Note 13).
 - (6) On November 20, 2020, the Mexican Subsidiaries became guarantors of BBB Foods Inc.’s obligations under the Promissory Notes guaranteeing payment at maturity in case of default or breach of a covenants of BBB Foods Inc.
 - (7) Includes the issuance costs of the Convertible Notes.
- a. Convertible Notes: On November 20, 2020, BBB Foods Inc. entered into a Junior Convertible Promissory Notes Agreement with LIV FD, S.A. de C.V., S.O.F.O.M., E.N.R.

Under the term of this agreement, on November 20, 2020, BBB Foods Inc. issued a first junior convertible promissory note in the amount of US\$7,500,000 with issuance costs of US\$173,661 and on February 3, 2021, issued a second junior convertible promissory note in the amount of US\$7,500,000, with issuance costs of US\$112,500. Both instruments have a term of 6 years and mature on November 20, 2026, and bear interest at annual rate of 14% compounded quarterly, with principal and interest payable at maturity. The first junior convertible promissory note and the second junior convertible promissory note are referred to as the “Convertible Notes.” As of December 31, 2023 and 2022, the contractual payments of the Convertible Notes were US\$22,830,216 (Ps.385,682), and US\$19,857,885 (Ps.384,478), respectively.

Between May 20, 2025 and the maturity date, the Convertible Notes are convertible into ordinary shares of the Company, at the option of the holder. Convertible Notes will be convertible into the number of Class C Shares (rounded to the nearest whole number) equal to the outstanding principal amount plus the amount of all accrued and unpaid interest at the time of the conversion and divided by the Conversion Price (US\$86.25), such amount may be adjusted after the issuance date for any share split, share combination or similar dilutive events that may occur with respect to Class C Shares. Since the functional currency of BBB Foods is the Mexican Peso and the Convertible Notes are denominated in U.S. dollars, the characteristic of an exchange of a fixed payment for a fixed amount of equity is not fulfilled as the exchange rate will be different depending on the date they are converted. In addition, as the holder decides when to convert the notes, there is uncertainty to determine the amount of principal and accrued interest from the start date of the contract until settlement. Therefore, it was determined that the Convertible Notes should be classified as financial liability.

According to the terms and conditions of the Convertible Notes, the option to acquire equity instruments of the Company meet the definition of a derivative, since the holder is entitled to receive shares of the Company at a determined price in U.S. dollars (but subject to variability for exchange fluctuations), which could be lower or higher than the fair value of the equity instruments at the date of the call option. Based on the foregoing, an embedded derivative exists under the Convertible Notes, and because it is not closely related to the underlying Convertible Notes it must be recognized as a financial instrument measured at fair value through profit or loss. However, the value of the embedded derivative as of December 31, 2023, 2022 and 2021, was nil.

As a subsequent event, between February 14 and 16, 2024, the Company repaid in full the outstanding amount of Senior, 2017 Junior and 2020 Junior Promissory Notes and Convertible Notes, in the aggregate amount of US\$288,116,421 with the proceeds of the IPO (see Note 23).

See Note 13 for the terms and conditions of the remainder of the Company’s debt instruments.

Note 15 - Lease liabilities

From December 31, 2022, to December 31, 2023, the Company has recognized the lease liabilities shown below:

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	December 31, 2023	December 31, 2022
Lease liabilities:		
Current	Ps. 537,515	Ps. 417,307
Non-current	5,706,707	4,828,135
	<u>Ps. 6,244,222</u>	<u>Ps. 5,245,442</u>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Building	Transportation equipment trucks	Store equipment	Total
Lease liabilities as of January 1, 2021	Ps. 2,575,480	Ps. 6,595	Ps. 18,720	Ps. 2,600,795
New leases	897,846	25,738	64,262	987,846
Interest expense	432,828	1,690	6,160	440,678
Payment of leases	(567,988)	(6,814)	(23,630)	(598,432)
Lease liabilities as of December 31, 2021	<u>Ps. 3,338,166</u>	<u>Ps. 27,209</u>	<u>Ps. 65,512</u>	<u>Ps. 3,430,887</u>
New leases	2,021,858	32,760	78,792	2,133,410
Interest expense	488,072	3,896	15,907	507,875
Payment of leases	(755,871)	(16,631)	(54,228)	(826,730)
Lease liabilities as of December 31, 2022	<u>Ps. 5,092,225</u>	<u>Ps. 47,234</u>	<u>Ps. 105,983</u>	<u>Ps. 5,245,442</u>
New leases	1,282,448	63,778	75,942	1,422,168
Interest expense	728,878	9,689	24,305	762,872
Payment of leases	(1,071,930)	(31,242)	(83,088)	(1,186,260)
Lease liabilities as of December 31, 2023	<u>Ps. 6,031,621</u>	<u>Ps. 89,459</u>	<u>Ps. 123,142</u>	<u>Ps. 6,244,222</u>

The following are the amounts recognized in profit or loss:

	December 31, 2023	December 31, 2022	December 31, 2021
Depreciation expense of right-of-use assets	Ps. 598,031	Ps. 484,916	Ps. 315,358
Interest expense on lease liabilities	762,872	507,875	440,678
Expense relating to leases of low-value assets and short-term leases (included in administrative expenses)	18,370	6,387	2,232
Total amount recognized in profit or loss	<u>Ps. 1,379,273</u>	<u>Ps. 999,178</u>	<u>Ps. 758,268</u>

The Company has no cash outflows to which is potentially exposed since in the measurement of the lease liabilities, the optional renewal is always included.

Note 16 - Stockholders' equity

BBB Foods Inc.

As of January 1, 2022, December 31, 2023 and 2022, the capital stock was comprised as follows:

	Number of shares	Capital Stock
As of January 1, 2022	28,050,087	Ps. 471,282
As of December 31, 2022	28,050,087	Ps. 471,282
As of December 31, 2023	28,050,087	Ps. 471,282

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Description	Number of Shares	Total value
Class A ⁽¹⁾	4,000,000	Ps. —
Class B ⁽²⁾	11,025,000	Ps. 124,470
Class C ⁽³⁾	—	—
Class D ⁽³⁾	8,571,428	163,904
Class E ⁽⁴⁾	4,453,659	182,908
Total	28,050,087	Ps. 471,282

(1) Class A: Shares with voting rights and drag-along rights.

(2) Class B: Shares with voting rights, drag-along rights, and liquidation preference in case of bankruptcy.

(3) Class C: There are 15,000,000 unissued reserved shares corresponding to payments under the Plan with non-voting rights.

(4) Class D: Shares with voting rights and liquidation preference in case of bankruptcy.

(5) Class E: Shares with voting rights and liquidation preference in case of bankruptcy.

Dividends to be paid will be free from income tax if they come from Net Tax Profit Account (“CUFIN”, by its Spanish acronym). Any dividends paid in excess of CUFIN and reinvested CUFIN (“CUFINRE” by its Spanish acronym) will cause a tax equivalent to 42.86%. The current tax is payable by each of the Mexican Subsidiaries and may be credited against its current income tax of the year on which it is paid. The remaining amount may be credited in the following two fiscal years against the tax of the year or against the provisional payments. Dividends paid coming from profit previously taxed by income tax will not be subject to tax withholding or additional tax payment. For that purpose, income tax law sets the obligation of keeping CUFIN with profit generated up to December 31, 2013, starting another CUFIN with profit generated from January 1, 2014. As of December 31, 2023 and 2022, the sum of both CUFIN of the Mexican Subsidiaries amounted to approximately Ps.709,314 and Ps.191,226, respectively.

Note 17 - Income tax

BBB Foods Inc., as an entity incorporated and existing under the laws of the British Virgin Islands (“BVI”), is not subject to any form of taxation and therefore there is no tax rate to be applied and this will continue to be the case in the future. The laws of the BVI specifically provide that a BVI business entity such as BBB Foods Inc. is exempt from any income, capital gains, estate or other tax in the British Virgin Islands.

The statutory rate of income tax in Mexico applicable to the Company’s Mexican Subsidiaries was and will continue to be 30%. In 2023, Tiendas BBB determined a tax profit of Ps.6,238 (Ps.8,531 in 2022; Ps.15,185 in 2021); Desarrolladora Tres B has determined a tax loss of Ps.307, (Ps.132 in 2022; Ps.671 in 2021), which was updated for inflation to Ps.315 as permitted by tax authorities; and Tiendas Tres B obtained a tax profit of Ps.1,124,318 (Ps.1,003,720 in 2022; Ps.618,404 in 2021). However, Tiendas Tres B tax profit in 2021 was partially offset by prior year tax losses. The tax result differs from the accounting result mainly for those items that are accumulated and deducted differently for accounting and tax purposes, for the recognition of the effects of inflation for tax purposes, as well as for those items that only affect the accounting or tax result.

17.1. The income tax expense in 2023, 2022 and 2021 is analyzed as shown below:

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	December 31, 2023	December 31, 2022	December 31, 2021
Current income tax	Ps. (309,989)	Ps. (287,309)	Ps. (156,907)
Deferred income tax	Ps. 104,741	Ps. 85,946	Ps. 65,095
Total	Ps. (205,248)	Ps. (201,363)	Ps. (91,812)

17.2. As of December 31, 2023, 2022 and 2021, the main temporary differences on which the deferred income tax was recognized and analyzed is as shown below:

	December 31, 2023	December 31, 2022	December 31, 2021
Advanced payments	Ps. (56,059)	Ps. (47,638)	Ps. (25,614)
Property, furniture, equipment, and lease-hold improvements	(23,667)	(43,510)	(50,224)
Lease liabilities	6,255,817	5,253,632	3,435,431
Right-of-use assets	(5,520,596)	(4,696,459)	(3,047,966)
Provisions	460,212	398,269	327,872
Accrued expenses	293,814	200,416	109,587
Inventories	(63,517)	(67,842)	(38,706)
	Ps. 1,346,004	Ps. 996,868	Ps. 710,380
Applicable income tax rate	30 %	30 %	30 %
Deferred income tax asset	Ps. 403,801	Ps. 299,060	Ps. 213,114

17.3. The movement in deferred income tax assets and liabilities during the year, without taking into account the compensation of balances under the same tax jurisdiction, is as shown below:

	January 1, 2021	Effects in the results of the year	December 31, 2021	Effects in the results of the year	December 31, 2022	Effects in the results of the year	December 31, 2023
Assets for deferred taxes							
Tax losses to be carryforward	Ps. 12,439	Ps. (12,439)	Ps. —	Ps. —	Ps. —	Ps. —	Ps. —
Provisions	84,391	13,970	98,361	21,119	119,480	18,583	138,063
Lease liabilities	780,979	249,650	1,030,629	545,460	1,576,089	300,655	1,876,744
Accrued expenses	12,617	20,259	32,876	27,249	60,125	28,020	88,145
Total assets for deferred tax	Ps. 890,426	Ps. 271,440	Ps. 1,161,866	Ps. 593,828	Ps. 1,755,694	Ps. 347,258	Ps. 2,102,952
Liabilities for deferred taxes							
Inventories	7,612	4,001	11,613	8,741	20,354	(1,298)	19,056
Advanced payments	6,519	1,165	7,684	6,607	14,291	2,526	16,817
Property, furniture, equipment, and lease-hold improvements	15,634	(568)	15,066	(2,014)	13,052	(5,952)	7,100
Right-of-use assets	712,642	201,747	914,389	494,548	1,408,937	247,241	1,656,178
Total liabilities for deferred tax	Ps. 742,407	Ps. 206,345	Ps. 948,752	Ps. 507,882	Ps. 1,456,634	Ps. 242,517	Ps. 1,699,151
Total asset – Net	Ps. 148,019	Ps. 65,095	Ps. 213,114	Ps. 85,946	Ps. 299,060	Ps. 104,741	Ps. 403,801

17.4. The reconciliation between the current and effective combined income tax rates is shown below:

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	December 31, 2023	December 31, 2022	December 31, 2021
Loss before income tax	Ps. (100,905)	Ps. (363,747)	Ps. (724,862)
Current income tax rate	30 %	30 %	30 %
Income tax at legal rate	Ps. 30,272	Ps. 109,124	Ps. 217,459
Plus (less) effects of income tax on the following items:			
Share-based payment	(115,370)	(91,137)	(42,637)
Annual adjustment for inflation	(90,219)	(105,615)	(70,282)
Unrecognized tax losses in no taxable entities	(20,955)	(106,071)	(200,218)
Non-deductible expenses	(83,703)	(64,766)	(43,002)
Property, furniture, equipment, and lease-hold improvements	48,049	46,219	30,657
Restatement of tax losses for the year	(92)	(40)	202
Non-cumulative income	21,253	6,655	4,904
Others	5,517	4,268	11,105
Income tax expense recognized in income	Ps. (205,248)	Ps. (201,363)	Ps. (91,812)
Effective income tax rate	(203.4)%	(55.4)%	(12.7)%

17.5. As of December 31, 2023, the Company maintained accumulated restated tax losses to carry forward for an amount of Ps.1,961, whose right to be offset against future profits expires as shown below:

Year of the loss	Desarrolladora Tres B	Year of expiration
2014	164	2024
2015	21	2025
2016	60	2026
2017	147	2027
2018	163	2028
2019	135	2029
2020	111	2030
2021	703	2031
2022	142	2032
2023	315	2033
	1,961	

Deferred income tax assets are recognized for tax loss carryforwards to the extent that the receipt of a tax benefit through future taxable income is likely. The Company did not recognize tax losses for an amount of Ps.1,961, Ps.1,568 and Ps.1,372 as of December 31, 2023, 2022 and 2021, since the recovery of such amounts was not probable.

The temporary differences associated with investments in the Group subsidiaries generate a deferred tax of zero, since BBB Foods Inc. is not a taxable entity as described above. The Company determined that the undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

BBB Foods Inc.**Notes to the Consolidated Financial Statements**

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Note 18 - Cost and Expenses by nature

The cost of sales is comprised as shown below:

	December 31, 2023	December 31, 2022	December 31, 2021
Cost of merchandise and logistic costs	Ps. 36,854,490	Ps. 27,537,825	Ps. 19,561,023
Depreciation of properties, furniture, equipment, and lease-hold improvements	94,121	50,883	34,008
Depreciation of right-of-use asset	89,931	66,935	60,059
Cost of sales	Ps. 37,038,542	Ps. 27,655,643	Ps. 19,655,090

The sales and administrative expenses are as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Personnel Expenses	3,082,527	2,085,846	1,305,558
Depreciation and Amortization	905,043	667,236	436,087
Cash-in-Transit Services, Surveillance and Maintenance	571,631	446,146	331,885
Energy, Fuel, and Lubricants	421,231	336,842	277,619
Shared-based payment ⁽¹⁾	384,566	303,789	142,123
Other	414,060	267,835	370,070
Advertising	160,497	132,342	81,000
Other taxes and rights	163,303	100,993	53,662
Professional Services ⁽²⁾	106,983	71,901	48,558
Total sales and administrative expenses	Ps. 6,209,841	Ps. 4,412,930	Ps. 3,046,562

⁽¹⁾ The share-based payment in 2023, 2022 and 2021 were comprised of Ps.244,352, Ps.152,113 and Ps.24,892, respectively, in respect of options granted under the Plan and Ps.140,214, Ps.151,676 and Ps.117,231, respectively, in respect of Exit Options.

⁽²⁾ An amount of Ps.37,910 in IPO related services was incurred during 2023 out of which Ps.28,432 was recognized as an expense and Ps.9,477 will be capitalized as part of the net proceeds of the new shares to be issued due to the IPO and as of December 31, 2023, were recognized as advanced payments.

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Note 19 - Financial costs - net

For the years ended December 31, 2023, 2022, and 2021, the financial (costs) income is included as indicated below:

	December 31, 2023	December 31, 2022	December 31, 2021
Financial income:			
Interest income	Ps. 16,640	Ps. 11,686	Ps. 7,381
Other commissions	9,429	8,154	607
Financial income	Ps. 26,069	Ps. 19,840	Ps. 7,988
Financial costs:			
Interest cost on lease liabilities	(762,872)	(507,875)	(440,678)
Interest cost on Promissory Notes	(619,779)	(615,592)	(537,411)
Loss related to modification of Promissory Notes	(55,527)	—	—
Loss related to remeasurement of Promissory Notes	(28,709)	—	—
Interest on bonus payable to related parties	(4,523)	(3,460)	(3,077)
Interest cost on credit lines	(30,473)	—	—
Interest cost on financing of transportation and store equipment (Debt)	(25,224)	(41,859)	(23,369)
Financial costs	Ps. (1,527,107)	Ps. (1,168,786)	Ps. (1,004,535)
Exchange rate fluctuation:			
Gain for exchange rate fluctuation	667,118	285,990	2,853
Loss for exchange rate fluctuation	(60,848)	(21,060)	(125,221)
Gain (loss) for exchange rate fluctuation - net	Ps. 606,270	Ps. 264,930	Ps. (122,368)
Financial costs - net	<u>Ps. (894,768)</u>	<u>Ps. (884,016)</u>	<u>Ps. (1,118,915)</u>

Note 20 - Loss per share

Losses per share are classified as basic and diluted. Basic losses are intended to provide a measure of the participation of each ordinary share of BBB Foods Inc. in the performance that the Company had in the periods presented. Basic losses are calculated by dividing the loss for the year attributable to the ordinary equity holders of the controlling interest by the weighted average number of ordinary shares outstanding during the year.

Diluted shares are intended to provide a measure of the participation of each ordinary share in the Company's performance considering the dilutive effects (reduction in profits or increase in losses) of the potential ordinary shares in circulation during the period. Diluted earnings (loss) per share are calculated by dividing the loss of the year attributable to the ordinary equity holders of the controlling interest by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that have dilutive potential. The Company has not presented diluted earnings per share as it has recognized a net loss for all periods, which would result in an antidilutive effect.

The information on earnings (loss) per share and number of shares used in the calculations of basic loss per share is shown below:

	December 31, 2023	December 31, 2022	December 31, 2021
Net loss for the year	Ps. (306,153)	Ps. (565,110)	Ps. (816,674)
Weighted average Class A shares ^{(1) (2)}	12,000,000	12,000,000	12,000,000
Basic and diluted loss per share	(25.51)	(47.09)	(68.06)

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- (1) The loss per share is estimated with the weighted average number of Class A shares, due to the liquidity preference since there is no contractual obligation from the class B, C, D, and E to share losses as they have different liquidation rights.
- (2) On January 29, 2024, a Board's Resolutions meeting agreed a 3 for 1 share split (see Note 23), which resulted in a retrospective modification of the weighted average Class A shares only for purposes of the basic and diluted loss per share calculation. This split has no other effects in these financial statements and all related changes in the number of shares will be shown in subsequent financial statements starting in 2024.

The Company issued Convertible Notes which may be paid with Class C shares of the Company (see Note 14) and granted share-based payments with potentially dilutive effects for a weighted average amount of 14,415,106 shares without taking into account the 3-for-1 share split effected in connection with the IPO (out of which 14,150,408 shares correspond to share-based payments and 264,698 shares correspond to the Convertible Notes), 12,382,039 shares without taking into account the 3-for-1 share split effected in connection with the IPO (out of which 12,143,744 shares correspond to share-based payments and 238,295 shares correspond to the Convertible Notes), and 9,906,014 shares without taking into account the 3-for-1 share split effected in connection with the IPO (out of which 9,698,744 shares correspond to share-based payments and 207,270 shares correspond to the Convertible Notes) for the years ended December 31, 2023, 2022, and 2021, respectively, but which were not included in the calculation as they have anti-dilutive effects.

Note 21 - Share-based payment

The Company has a share-based payments plan for its employees. As stated in the terms of the Plan, eligible employees will obtain share-based payments pursuant to the terms of the Plan.

The main assumptions for the evaluation of share-based payments are as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Discounted Cash Flow – DCF:			
Discount rate ⁽²⁾	12.50 %	15.30 %	12.30 %
Expected perpetuity growth	3.72 %	3.98 %	3.63 %
Option Pricing Model – OPM:			
Discount rate ⁽²⁾	3.00 %	7.00 %	0.81 %
Volatility mainly ⁽¹⁾	30.52 %	38.05 %	40.69 %
Binomial tree:			
Discount rate ⁽²⁾	3.00 %	7.00 %	15.00 %
Volatility mainly ⁽¹⁾	36.1 %	39.97 %	39.99 %

- (1) The expected volatility is based on the historic volatility of comparable entities within the industry, with a period of time equivalent to the estimated contractual life of the share options granted by the Company.
- (2) The risk-free interest rates that were considered within the discount rates for the years 2023, 2022 and 2021 were 3.96%, 3.45% and 1.85%, respectively; which corresponded to the interpolated U.S. Constant Maturity Treasury yield as of the valuation date.

Common Options

The payment will be in equity in the 5 years following the grant date, with an initial vesting period of 2 years to obtain 25% of the incentive. Thereafter, the vesting period will be annually, at 25% through the remaining 3 years. If the employee ceases to provide services for the Company from the date on which the benefits in shares were vested, they automatically lose the right to the unvested option. The fair value is determined on the basis of the binomial tree valuation model. As of the date of valuation of each common option the expected dividend yield was 0%.

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The following table illustrates the outstanding share options under the Plan and the corresponding strike prices (without taking into account the 3-for-1 share split effected in connection with the IPO) and the expiry dates:

Grant Date December of	Number of outstanding options granted – December 31			Strike Price US Dollars	Average option fair value at grant date ⁽¹⁾	Average fair value of share at grant date	Expiry Date, December of
	2023	2022	2021				
2006	200,000	200,000	200,000	\$ 1.50	N/A	N/A	2036
2006	157,500	157,500	157,500	\$ 1.00	N/A	N/A	2036
2007	155,000	155,000	155,000	\$ 1.75	N/A	N/A	2037
2008	270,000	270,000	270,000	\$ 2.50	N/A	N/A	2038
2009	300,000	300,000	300,000	\$ 3.25	N/A	N/A	2039
2010	360,000	360,000	360,000	\$ 3.25	N/A	N/A	2040
2011	437,500	437,500	437,500	\$ 4.00	N/A	N/A	2041
2012	437,500	437,500	437,500	\$ 5.00	N/A	N/A	2042
2013	467,500	467,500	467,500	\$ 6.00	N/A	N/A	2043
2014	493,750	493,750	493,750	\$ 6.50	\$ 0.03	\$ 0.08	2044
2015	516,000	516,000	516,000	\$ 6.50	\$ 0.05	\$ 0.13	2045
2016	607,750	607,750	607,750	\$ 5.70	\$ 0.0001	\$ 0.0001	2046
2017	273,750	283,750	283,750	\$ 8.15	\$ 0.0006	\$ 0.003	2047
2018	302,500	315,000	315,000	\$ 9.30	\$ 0.39	\$ 1.08	2048
2019	282,500	297,500	297,500	\$ 13.00	\$ 1.23	\$ 3.04	2049
2020	347,500	365,000	365,000	\$ 15.00	\$ 7.49	\$ 13.43	2050
2021	1,645,000	1,680,000	1,680,000	\$ 19.00	\$ 11.26	\$ 19.62	2051
2022	2,320,000	2,445,000	—	\$ 29.00	\$ 6.23	\$ 12.53	2052
2023	2,090,000	—	—	\$ 36.50	\$ 28.11	\$ 46.21	2053
	<u>11,663,750</u>	<u>9,788,750</u>	<u>7,343,750</u>				

- (1) When the Company adopted IFRS Accounting Standards for the first time on December 31, 2020, with transition date as of January 1, 2019, it decided to apply the optional exemption permitted by IFRS 1, *First-time Adoption of IFRS Reporting Standards*, and did not apply the IFRS 2, *Share-based Payment*, for share-based payments that were vested before the transition date, but only applied IFRS 2 for share options granted in 2014 onwards, given that the vesting period of the share options is 5 years. Therefore, the fair value of the granted options from 2006 to 2013 have not been calculated nor recognized.

The following table illustrates the reconciliation in the number of share options under the Plan (without taking into account the 3-for-1 share split effected in connection with the IPO) during the years ended December 31:

	2023 Number of share options	2022 Number of share options	2021 Number of share options
Outstanding as of January 1st	9,788,750	7,343,750	5,663,750
Granted during the year	2,090,000	2,445,000	1,695,000
Forfeited during the year	(215,000)	—	(15,000)
Outstanding as of December 31st	<u>11,663,750</u>	<u>9,788,750</u>	<u>7,343,750</u>
Exercisable as of December 31st	—	—	—

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The weighted average strike prices of the share options as of December 31, 2023, 2022, and 2021 were US\$18.07, US\$14.07 and US\$9.10, respectively.

The weighted average remaining contractual life of options outstanding as of December 31, 2023, 2022, and 2021 were 25 years, 22 years, and 22.5 years, respectively. In addition, no options have been exercised under the Plan.

Exit Options

These options will be paid in equity in the occurrence of an exit event, such as an IPO; therefore, the vesting period of such options represents the best estimate of the Company for the occurrence of an exit event.

The fair value of the share options vested is determined using an option pricing model and a binomial tree valuation model, which considers the Company's share price based on future discounted cash flows.

The Company awarded options to employees under the Plan, to purchase Class C Shares, each share having a par value of one cent U.S. dollars (US\$ 0.01).

For the year ended December 30, 2023, the Company granted 126,664 Exit Options to former members of the Board of Directors, that were previously granted in 2020 and forfeited in 2021. In January 2023, the Company re-granted the same number of Exit Options to such former members of the Board of Directors, which simultaneously vested in its entirety for not having the performance condition of being at the Company until the occurrence of an IPO, and the award was recognized as a new grant. The fair value of the share options vested is determined using an option pricing model and a binomial tree valuation model, which considers the Company's share price based on future discounted cash flows. The Company awarded options to purchase Class C Shares, each share having a par value of one cent U.S. dollars (US\$ 0.01).

The following table illustrates the outstanding Exit Options under the Plan and the corresponding strike prices (without taking into account the 3-for-1 share split effected in connection with the IPO) and the expiry dates:

Grant Date December of	Number of outstanding options granted – December 31			Strike Price US Dollars	Fair value at grant date ⁽¹⁾	Expiry Date, December of
	2023	2022	2021			
2020	1,011,664	1,011,664	1,011,664	\$ 7.11	\$ 9.11	2050
2020	1,043,330	1,043,330	1,043,330	\$ 11.00	\$ 8.30	2050
2021	300,000	300,000	300,000	\$ 19.00	\$ 11.51	2051
2023	63,332	—	—	\$ 7.11	\$ 8.04	2051
2023	63,332	—	—	\$ 11.00	\$ 7.58	2051
	2,481,658	2,354,994	2,354,994			

⁽¹⁾ Due to the change in the estimated date of the IPO, the fair value of the options was recalculated. Previously, the fair values of the options were US\$9.07 (strike price US\$7.11) and US\$8.27 (strike price US\$11.00) for 2020 grant, and US\$11.47 (strike price US\$19.00) for 2021 grant.

BBB Foods Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

The following table illustrates the movements in Exit Options (without taking into account the 3-for-1 share split effected in connection with the IPO) during the years ended December 31:

	2023 Number of share options	2022 Number of share options	2021 Number of share options
Outstanding as of January 1st	2,354,994	2,354,994	2,181,658
Granted during the year	126,664	—	300,000
Forfeited during the year	—	—	(126,664)
Outstanding as of December 31st	<u>2,481,658</u>	<u>2,354,994</u>	<u>2,354,994</u>
Exercisable as of December 31st	—	—	—

The weighted average strike price of the Exit Options as of December 31, 2023, 2022 and 2021 was US\$10.28, US\$10.28 and US\$10.28, respectively.

The weighted average remaining contractual life of Exit Options outstanding as of December 31, 2023, 2022 and 2021 was 27, 29 and 29 years, respectively. In addition, no options have been exercised under the Plan.

The expense recognized for employee services received during the years ended December 31, 2023, 2022 and 2021 was recognized in administrative expenses for the amounts of Ps.384,566, Ps.303,789 and Ps.142,123, respectively. The share-based payment in 2023, 2022 and 2021 were comprised of Ps.244,352, Ps.152,113 and Ps.24,892, respectively, in respect of options granted under the Plan and Ps.140,214, Ps.151,676 and Ps.117,231, respectively, in respect of Exit Options.

Note 22 - BBB Foods Inc. separate condensed financial information

The Company performed a test on the restricted net assets of consolidated subsidiaries in accordance with Securities and Exchange Commission Regulation S-X-5-04 and 12-04 and concluded that it was applicable for the Company to disclose the financial information for the parent company only. The subsidiaries did not pay any dividend to the Company for the years presented. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements should be read in conjunction with the notes to the consolidated financial statements of the Company.

The Company did not have significant capital and other commitments as of December 31, 2023.

BBB Foods Inc.
Notes to the Consolidated Financial Statements
As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021
Condensed Statements of Financial Position of BBB Foods Inc.

	December 31,	
	2023	2022
Assets		
Current assets:		
Cash	Ps. 14,988	Ps. 17,364
Accounts receivables from related parties	441	505
Total current assets	Ps. 15,429	Ps. 17,869
Non-current assets:		
Investments in subsidiaries	173,574	34,737
Total non-current assets	Ps. 173,574	Ps. 34,737
Total assets	Ps. 189,003	Ps. 52,606
Liabilities and Stockholders' Equity		
Current liabilities:		
Bonus payable to related parties (Note 13)	43,161	—
Total current liabilities	Ps. 43,161	Ps. —
Non-Current liabilities:		
Debt with related parties (Note 13)	4,340,452	4,276,058
Bonus payable to related parties (Note 13)	0	44,528
Long-term debt (Note 14)	449,716	445,281
Total non-current liabilities	Ps. 4,790,168	Ps. 4,765,867
Total liabilities	Ps. 4,833,329	Ps. 4,765,867
Stockholders' equity (Note 16):		
Capital stock	471,282	471,282
Reserve for share-based payments	851,700	467,135
Cumulative losses	(5,967,308)	(5,651,678)
Total stockholders' equity	Ps. (4,644,326)	Ps. (4,713,261)
Total liabilities and stockholders' equity	Ps. 189,003	Ps. 52,606

Condensed Statements of Profit or Loss of BBB Foods Inc.

	For the year ended December 31,		
	2023	2022	2021
Equity method in investments in subsidiaries	Ps. (245,727)	Ps. (211,515)	Ps. (149,294)
Administrative expenses	(433)	(144)	(4,681)
Operating loss	(246,160)	(211,659)	(153,975)
Financial income	262	697	144
Financial costs	(708,538)	(619,052)	(540,488)
Exchange rate fluctuation	638,806	264,902	(122,354)
Financial costs – net	(69,470)	(353,453)	(662,698)
Loss before income tax	(315,630)	(565,110)	(816,674)
Income tax expense	—	—	—
Net loss for the year	Ps. (315,630)	Ps. (565,110)	Ps. (816,674)

BBB Foods Inc.
Notes to the Consolidated Financial Statements
As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021
Condensed Statements of Cash Flows of BBB Foods Inc.

	For the year ended December 31,					
	2023		2022		2021	
Operating activities						
Loss before income tax	Ps.	(315,630)	Ps.	(565,110)	Ps.	(816,674)
Adjustments for:						
Equity method in investments in subsidiaries		245,727		211,515		149,294
Interest expense on Promissory Notes		619,779		615,592		537,411
Costs of modification of Promissory Notes		84,236		—		—
Interest on bonus payable to related parties		4,524		3,460		3,076
Exchange fluctuation		(641,076)		(285,990)		125,221
		(2,440)		(20,533)		(1,672)
Decrease in other current assets		64		32		(17)
Bonus payable to related parties		—		11,787		4,188
Net cash flows provided by operating activities		(2,376)		(8,714)		2,499
Investing activities						
Capital contributions to Investment in subsidiaries		—		(135,900)		(3,184)
Net cash flows used in investing activities		—		(135,900)		(3,184)
Financing activities						
Proceeds from borrowings		—		—		149,411
Net cash flows used in financing activities		—		—		149,411
Net (decrease) increase in cash and cash equivalents		2,376		(144,614)		148,726
Net foreign exchange difference		—		—		—
Cash and cash equivalents at beginning of year		17,364		161,978		13,252
Cash and cash equivalents at end of year	Ps.	14,988	Ps.	17,364	Ps.	161,978

Basis of presentation

BBB Foods Inc.'s material accounting policies are the same as the Company's material accounting policies, except for the investments in subsidiaries.

BBB Foods Inc. values its investment in subsidiaries through the equity method, where the investments are initially recognized at cost and adjusted thereafter to recognize its share of the post-acquisition profits or losses of the subsidiary in profit or loss. Dividends received or receivable from subsidiaries, if any, are recognized as a reduction in the carrying amount of the subsidiary.

Where the BBB Foods Inc. share of losses in accounting the equity method in its subsidiaries equals or exceeds its interest in the subsidiary, it does not recognize further losses, unless it has incurred obligations or made payments on behalf of the subsidiary.

BBB Foods Inc.

Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021

Note 23 - Subsequent events

In preparing the consolidated financial statements the Company has evaluated the events and transactions for recognition or disclosure subsequent to December 31, 2023, except for the following:

- On January 28, 2024, the Company held a Board Meeting where the Board resolved the following for the fully vested options regarding the Plan:
 - i. The Common Options may not be exercised until the earlier of a period of 180 days after the IPO, or January 1, 2025.
 - ii. The Exit Options may not be exercised until the earlier of a period of 180 days after the IPO or July 8, 2026.

The decision of the Board to postpone the exercise of the share options, both Common and Exit, is not considered a change in the grant date of the options nor the vesting conditions, since there were no changes in the terms and conditions of the Plan, and such terms and conditions were already communicated to the employees.

- On January 29, 2024, the Board resolved to effect a 3-for-1 share split of the common shares of the Company that was effected immediately prior to the completion of the IPO.
- On February 8, 2024, the Company's registration statement on Form F-1 was declared effective by the SEC. In connection with the IPO, the Company listed its Class A common shares on the New York Stock Exchange.
- In connection with the IPO, on February 13, 2024, the Company issued 28,050,491 Class A common shares, at an initial public offering price of US\$17.50 per share and received net proceeds of Ps.7,820,862 (US\$458,976,159), and certain of its shareholders sold an additional 5,610,098 Class A common shares at an initial public offering price of US\$17.50 per share. The Company did not receive any proceeds from the sale of Class A common shares by such shareholders.
- On February 15, 2024, certain shareholders sold an additional 5,049,088 Class A common shares at US\$17.50 per share pursuant to the exercise of the underwriters' over-allotment option. The Company did not receive any proceeds from the sale of Class A common shares by such shareholders.
- Between February 14 and 16, 2024, the Company repaid in full the outstanding amount of Senior, 2017 Junior and 2020 Junior Promissory Notes, and Convertible Notes, which amounted to US\$288,116,421 (Ps.4,934,138) with the proceeds of the IPO.
- As of April 25, 2024, the Company had successfully reopened 43 stores that were impacted by Hurricane Otis in October 2023. The Company expects that the remainder of the affected stores will resume operations by the end of the first half of 2024. Additionally, the Company continues to engage actively with the insurance provider to recover up to Ps.63,197, which represents the maximum liability limit amount in determining potential recoveries.

Eduardo Pizzuto Espinosa
Chief Financial Officer

Kamal Anthony Hatoum
Chief Executive Officer

BVI Company Number: 605635



**TERRITORY OF THE BRITISH VIRGIN ISLANDS
THE BVI BUSINESS COMPANIES ACT**

**MEMORANDUM OF ASSOCIATION
AND ARTICLES OF ASSOCIATION
OF
BBB FOODS INC.**

**Incorporated on July 9, 2004
Amended and Restated on February 12, 2016
Amended and Restated on February 8, 2024**

Conyers Trust Company (BVI) Limited

P.O. Box 3140

Road Town

Tortola

British Virgin Islands

TERRITORY OF THE BRITISH VIRGIN ISLANDS
BVI BUSINESS COMPANIES ACT

MEMORANDUM OF ASSOCIATION
OF
BBB FOODS INC.

1. NAME

The name of the Company is BBB Foods Inc. (the “**Company**”).

2. STATUS

2.1. The Company is a company limited by shares.

2.2. The Company was incorporated on the 9th day of July, 2004 pursuant to the International Business Companies Act 1984 (the “**IBC Act**”) and immediately prior to its automatic re-registration under the BVI Business Companies Act (as amended from time to time, the “**Act**”), it was governed by the IBC Act.

3. REGISTERED OFFICE AND REGISTERED AGENT

3.1. At the date of the notice disapplying Part IV of Schedule 2 of the Act, the registered office of the Company was at Akara Bldg, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands.

3.2. At the date of the notice disapplying Part IV of Schedule 2 of the Act, the registered agent of the Company was Mossack Fonseca & Co. (B.V.I.) Ltd., P.O. Box 3136, Road Town, Tortola, British Virgin Islands.

3.3. The current registered office of the Company is Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110.

3.4. The current registered agent of the Company is Conyers Trust Company (BVI) Limited of Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110.

4. CAPACITY AND POWERS

Subject to the Act and any other applicable British Virgin Islands legislation, the Company has, irrespective of corporate benefit:

4.1. full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and

4.2. for the purposes of Clause 4.1 of this Memorandum, full rights, powers and privileges.

BBB FOODS INC.

5. NUMBER AND CLASSES OF SHARES

- 5.1. The Company is authorised to issue an unlimited number of shares divided into:
- (a) an unlimited number of class A common shares of the Company with no par value ("**Class A Shares**");
 - (b) an unlimited number of class B common shares of the Company with no par value ("**Class B Shares**"); and
 - (c) an unlimited number of class C common shares of the Company with no par value ("**Class C Shares**" and, collectively with the Class A Shares and Class B Shares, the "**Shares**").
- 5.2. Shares may be issued in one or more series of shares as the Board of Directors may determine from time to time.

6. RIGHTS ATTACHING TO SHARES

- 6.1. Subject to this Memorandum and the Articles and the rights attaching to any Additional Class of Shares, each Share of the Company confers on the holder:
- (a) the right to receive notice of and attend any meeting of Members;
 - (b) the voting rights specified in Clause 7 of this Memorandum;
 - (c) the right to an equal share in any dividend paid by the Company; and
 - (d) the right to an equal share in the distribution of any surplus assets of the Company on the winding up or dissolution of the Company.
- 6.2. The Class A Shares are freely transferable. The Class B Shares and the Class C Shares are subject to (a) the Lock-Up Restrictions set out in Schedule One to the Articles; and (b) the Transfer Restrictions set out in Schedule Two of the Articles, in each case for the periods specified therein.
- 6.3. Each Class B Share is convertible in accordance with Part A of Schedule Three of the Articles. Each Class C Share is convertible in accordance with Part B of Schedule Three of the Articles.
- 6.4. Upon the issuance by the Company of any Shares or any other shares or securities, the Class B Shares shall have the preemptive rights set out in Schedule Four of the Articles.
- 6.5. The Class B Shares and the Class C Shares shall have the registration rights set-out in Schedule Five to the Articles.
- 6.6. The Class B Shares and the Class C Shares shall not be listed on any U.S. or foreign national or regional securities exchange or market.
- 6.7. The holders of the Shares are not entitled to the benefits of any redemption or sinking fund provision.

BBB FOODS INC.

- 6.8. Any Shares deliverable upon exercise by any Class B Shareholder of an option granted by the Company shall be deliverable in Class C Shares if Class C Shares shall continue to be in issue as a class at such time and, after such time as no Class C Shares are in issue, in Class A Shares, unless otherwise provided by the terms of the option grant.
- 6.9. Any Shares deliverable upon exercise by a Shareholder of any class of Shares other than Class B Shares of an option granted by the Company shall be deliverable in Class C Shares if Class C Shares shall continue to be in issue as a class at such time and, after such time as no Class C Shares are in issue, in Class A Shares, unless otherwise provided by the terms of the option grant.

7. VOTING RIGHTS

- 7.1. At any meeting of the Members or in respect of any Resolution of Members, Special Resolution of Members or on any other exercise of voting or approval rights:
- (a) the holders of Class A Shares shall be entitled to one (1) vote per share;
 - (b) the holders of Class B Shares shall be entitled to fifteen (15) votes per share; and
 - (c) the holders of Class C Shares shall be entitled to one (1) vote per share.
- 7.2. Except as expressly provided by Clause 8 of this Memorandum, the Class A Shares, the Class B Shares and the Class C Shares shall vote together as a single class on all matters, including (without limitation) on any matter, amendment or transaction requiring a Resolution of Members, Special Resolution of Members or other exercise of voting or approval rights (and whether pursuant to this Memorandum, the Articles, the Act or otherwise).
- 7.3. There shall be no cumulative voting rights with respect to the Shares.

8. VARIATION OF RIGHTS

Subject to Clause 9 of this Memorandum and notwithstanding any other provision of this Memorandum or the Articles, if an amendment to this Memorandum or the Articles is proposed that varies or affects those rights attaching to a particular class of Shares in a manner that is materially different to the other class(es) of Shares, such amendment shall (in addition to any other approval required under this Memorandum and/or the Articles) require (a) the approval of the holders of a simple majority of the Shares of that particular class present and voting at a duly convened class meeting; or (b) a resolution in writing consented to by the holders of a simple majority of that particular class of Shares.

9. POWER OF DIRECTORS TO AUTHORISE AND ISSUE PREFERRED SHARES

- 9.1. Notwithstanding any other provision of this Memorandum or the Articles, the Company may from time to time by Resolution of Directors adopted in accordance with Clause 11.1(c) of this Memorandum, and without prior notice to or obtaining the approval of any shareholder amend this Memorandum and/or the Articles to authorise the issuance by the Company of any additional class or classes of shares with or without par value (each an “**Additional Class of Shares**”) and specify the rights, privileges, restrictions and conditions attaching to each such Additional Class of Shares, as the Board of Directors

BBB FOODS INC.

may determine in their sole and absolute discretion. Without limitation to the foregoing, the Board of Directors may by Resolution of Directors determine:

- (a) the number of shares constituting an Additional Class of Shares and the distinctive designation of that class;
- (b) the dividend and other distribution rights of the Additional Class of Shares and, if the Additional Class of Shares are preferred shares, the preference rate and/or coupon; whether dividends shall be cumulative and, if so, from which date or dates, and whether they shall be payable in preference to, or in relation to, the dividends payable on the Shares or any other class or classes of shares;
- (c) whether the Additional Class of Shares shall have voting rights and, if so, the terms and conditions of such voting rights, including, without limitation, whether they shall vote separately or together as a single class with the Shares and/or any other class of shares;
- (d) whether the Additional Class of Shares shall have conversion and/or exchange rights and privileges and, if so, the terms and conditions of such conversion and/or exchange, including, without limitation, whether conversion or exchange is at the option of the holder or the Company (or both), the trigger events for conversion or exchange and/or provisions for adjustment of the conversion or exchange rate;
- (e) whether the Additional Class of Shares shall be redeemable and, if so, the terms and conditions of such redemption, including, without limitation, the manner of selecting shares for redemption, the trigger events for redemption, whether redemption is at the option of the holder or the Company (or both) and the method for calculating the consideration (in cash or in kind) that is due in case of redemption, which may be less than the market value and may be variable;
- (f) whether a sinking fund shall be applied to the distribution rights and/or purchase, exchange or redemption rights of the Additional Class of Shares (and the terms and conditions thereof);
- (g) whether the Additional Class of Shares shall impose conditions and restrictions upon the business and affairs of the Company and/or any of its subsidiaries or the right to approve and/or veto certain matters (including the issuance of any shares, the making of any distribution and/or the incurrence of indebtedness);
- (h) the rights of the shares of that Additional Class of Shares in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, including, without limitation, any liquidation preference and whether such rights shall be in preference to, or in relation to, the comparable rights of the Shares or any other class or classes of shares; and
- (i) any other relative, participating, optional or other special rights, privileges, powers, qualifications, limitations or restrictions of that Additional Class of Shares, including, without limitation, any right to appoint and/or remove one or more directors of the Company.

- 9.2. Unless expressly provided by the terms of any Additional Class of Shares as set-out in this Memorandum from time to time, the authorisation and issuance by the Company of any Additional Class of Shares and any attendant amendments to this Memorandum and

BBB FOODS INC.

the Articles pursuant to Clause 9.1 of this Memorandum shall be deemed not to constitute a variation of any class rights attaching to the Shares or any other class or classes of shares of the Company then in issue (whether for the purposes of Clause 8 of this Memorandum or otherwise), and, for the avoidance of doubt, no Resolution of Members, Special Resolution of Members, class resolution or other approval of the shareholders or any one of them shall be required for such authorisation and issuance or the attendant amendments to this Memorandum and the Articles.

10. REGISTERED SHARES

The Company shall issue registered shares only. The Company is not authorised to issue bearer shares, convert registered shares to bearer shares, or exchange registered shares for bearer shares.

11. AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION

11.1. This Memorandum and the Articles may only be amended if approved by:

- (a) both a Resolution of Members and a Resolution of Directors, but subject to the condition that the Resolution of Directors is adopted in accordance with the Articles not later than the seventh day following the adoption of the Resolution of Members; or
- (b) a Special Resolution of Members, save that in no circumstances whatsoever may:
 - (i) any of the Relevant Provisions be amended pursuant to this Clause 11.1(b);
 - (ii) any amendment be made to the Memorandum or the Articles pursuant to this Clause 11.1(b) which limits or reduces the number of shares or classes of shares that may be authorised and issued pursuant to Clause 9 of this Memorandum;
 - (iii) any amendment be made to the Memorandum or the Articles pursuant to this Clause 11.1(b) that is inconsistent with or that conflicts with, or which circumvents, overrides, fetters or limits (or that otherwise interferes with the intended operation of), any Relevant Provision or this Clause 11.1(b) (or which purports to do any of the foregoing); or
- (c) a Resolution of Directors, save that no amendment may be made by a Resolution of Directors:
 - (i) to restrict the rights or powers of the Members to amend the Memorandum or Articles;
 - (ii) to change the percentage of Members required to pass a Resolution of Members to amend the Memorandum or Articles; or
 - (iii) in circumstances where the Memorandum or Articles cannot be amended by the Members,and all rights conferred upon shareholders herein are granted subject to the above reservations.

BBB FOODS INC.

12. INCORPORATION BY REFERENCE

For the purposes of section 9 of the Act, any rights, privileges, restrictions and conditions attaching to the Shares, each Additional Class of Shares or any other shares of the Company that are set out in the Articles (and the Schedules thereto) are deemed to be set out and incorporated in full in this Memorandum.

13. DEFINITIONS

Unless otherwise defined or the context otherwise requires, capitalized words in this Memorandum that are not otherwise defined herein are as defined in the Articles annexed hereto.

BBB FOODS INC.

We, MOSSACK, FONSECA & CO. (B.V.I.) LTD of Akara Building, 24 de Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands, for the purpose of disapplying Part IV of Schedule 2 of the Act, hereby sign this Memorandum of Association this 12th day of February, 2016.

Registered Agent

..... Bryan Scatliffe

Authorised Signatory

MOSSACK FONSECA & CO. (B.V.I.) LTD

BBB FOODS INC.

BVI Company Number: 605635

**TERRITORY OF THE BRITISH VIRGIN ISLANDS
BVI BUSINESS COMPANIES ACT**

ARTICLES OF ASSOCIATION

OF

BBB FOODS INC.

A COMPANY LIMITED BY SHARES

BBB FOODS INC.

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BBB FOODS INC.

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INTERPRETATION

14. Definitions

14.1. In these Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

Act	means the BVI Business Companies Act, as from time to time amended or restated;
Additional Class of Shares	has the meaning given in Clause 9 of the Memorandum;
Affiliates	as such term is defined in Rule 405 promulgated under the Securities Act and including, without limitation, any partners, members or shareholders of the Person specified;
Annual Meeting	has the meaning given to it in Article 11.1(a);
Applicable Law	means all applicable provisions of (i) constitutions, treaties, statutes, laws (including the common law), rules, regulations, ordinances, codes or orders of any Governmental Entity, (ii) any consents or approvals of any Governmental Entity and (iii) any orders, decisions, injunctions, judgments, awards, decrees of or agreements with any Governmental Entity;
Articles	means these Articles of Association as from time to time amended or restated;
Associates	as such term is defined in Rule 405 promulgated under the Securities Act;
Available Board Seats	has the meaning given to it in Article 12.3(b);
Beneficial Owners	as such term is defined in Rule 13d-3 promulgated under the Exchange Act, and

BBB FOODS INC.

Board of Directors or Board	“Beneficially Owned” shall have the correlative meaning; means the board of directors appointed or elected pursuant to these Articles and acting by Resolution of Directors or, where the context so requires, acting by Special Resolution of Directors;
Candidates	has the meaning given to it in Article 12.3(b);
Chairman	means the Chairman of the Board of Directors appointed pursuant to Article 14.1 from time to time or, where the context requires, a person acting as Chairman pursuant to Article 15.2;
Class A Shares	means the Class A common shares of the Company with no par value;
Class A Shareholder	means, as of any date, any holder of Class A Shares;
Class B Shares	means the Class B common shares of the Company with no par value;
Class B Shareholder	means, as of any date, any holder of Class B Shares;
Class C Shares	means the Class C common shares of the Company with no par value;
Class C Shareholder	means, as of any date, any holder of Class C Shares;
Class I Director	has the meaning given in Article 12.2;
Class II Director	has the meaning given in Article 12.2;
Class III Director	has the meaning given in Article 12.2;
Company	means BBB Foods Inc.;
Connected Person	means, in relation to any Person: (i) any Family Member; (ii) the trustees of any trust of which the Person or any Family Member is a beneficiary or discretionary object (other than a trust which is either an occupational pension scheme or an employees’ share scheme); (iii) any company or other legal entity of which the Person which is an Affiliate or would be an Affiliate if the Person’s Family Members’ Control was ascribed to and aggregated with such Person; or (iv) any general or limited partnership or limited liability partnership in

Control

which the Person or any Family Members are directly or indirectly interested (or have a conditional or contingent entitlement to become interested) so that they hold or Control or would on the fulfilment of the condition or the occurrence of the contingency be able to Control and/or be able to replace any general partner or equivalent governing person or body, and “**Connected Persons**” shall mean any one or more of the foregoing;

means, in relation to any Person (being the “**Controlled Person**”), being:

- (a) entitled to exercise, or control the exercise of, directly or indirectly, more than fifty per cent. (50%) of the voting power at any meeting of the shareholders, members or partners or other equity holders (and including, in the case of a limited partnership, of the limited partners) (or in the case of a trust, of the beneficiaries) of the Controlled Person in respect of all or substantially all matters falling to be decided by resolution or meeting of such Persons; or
- (b) entitled to appoint or remove (i) directors on the Controlled Person's board of directors or its other governing body (or, in the case of a limited partnership, of the board or other governing body of its general partner) who are able (in the aggregate) to exercise more than fifty per cent. (50%) of the voting power at meetings of that board or governing body in respect of all or substantially all matters; and/or (ii) any managing member of such Controlled Person; (iii) in the case of a limited partnership, its general partner; or; (iv) in the case of a trust, its trustee and/or manager,

and “**Controller**” and “**Controlling**” shall be construed accordingly;

Derivative Instrument

means any option, warrant, convertible security, share appreciation right, swap, hedge, stock borrowing agreement, contract for difference, synthetic interest or other

contractual right relating to any class or series of shares of the Company, including without limitation (i) any right whose value is linked to the price of any class or series of shares of the Company or which has an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Company, whether or not such instrument or right shall be subject to settlement in the underlying class or series of shares or otherwise; (ii) any other direct or indirect right, agreement, understanding or arrangement to profit or share in any profit derived from any increase or decrease in the value of any class or series of shares of the Company; and (iii) any right, agreement, understanding or arrangement that increases or decreases the voting power or distribution rights of any person or entity with respect to any class or series of shares of the Company;

Dispute

has the meaning given to it in Article 32.4;

Distribution

means:

- (a) the direct or indirect transfer of an asset, other than the Company's own Shares, to or for the benefit of a Member; or
- (b) the incurring of a debt to or for the benefit of a Member,

in relation to Shares held by a Member and whether by means of the purchase of an asset, the purchase, redemption or other acquisition of Shares, a transfer of indebtedness or otherwise, and includes a dividend, but shall exclude a purchase, redemption or other acquisition of the Company's Shares specified in section 63 of the Act and any surrender of shares pursuant to section 59(1A) of the Act;

Exchange Act

the Securities Exchange Act of 1934 of the United States, as amended from time to time;

Family Member

any child, parent, spouse, civil law partner, or sibling;

Governmental Entity

means any federal, state, local or foreign court, legislative, executive or regulatory authority or agency;

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IBC Act	means the International Business Companies Act 1984;
Independent	means, in relation to any individual, that the person would be eligible to serve on an audit committee pursuant to the applicable requirements of Section 10A(m)(1) of the Exchange Act and Rule 10A-3 promulgated thereunder;
IPO	means the admission of the Class A Shares of the Company to trading on the New York Stock Exchange;
IPO Date	means the date on which the Company's Registration Statement on Form F-1 becomes effective under the Securities Act;
IPO Lock-Up Period	means the period of one hundred and eighty (180) calendar days commencing on the IPO Date;
Liquidity Lock-Up Period	means the period of twenty-four (24) months commencing on the date following the expiry of the IPO Lock-Up Period;
Lock-Up Period	means the period commencing on the first date of the IPO Lock-Up Period and ending on the last day of the Liquidity Lock-Up Period;
Lock-Up Restrictions	means the restrictions on Transfers of the Class B Shares and the Class C Shares as set-out in Schedule One;
Member	means a person whose name is entered in the register of members as the holder of one or more shares in the Company;
Memorandum	means the Memorandum of Association of the Company as from time to time amended or restated;
Permitted Transfer	has the meaning specified in paragraph 1.1 of Schedule Two;
Permitted Transferee	has the meaning specified in paragraph 1.1 of Schedule Two;
Person	means any individual, company, corporation, partnership, limited partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated

	organisation, governmental body or other entity;
Proposing Shareholder	has the meaning given to it in Article 11.4;
Proposing Shareholder Parties	means, in relation to any Proposing Shareholder, collectively, the Proposing Shareholder and the Beneficial Owner(s) of all the Shares in respect of which the any proposal or nomination is made, if any, and the Proposing Shareholder's and Beneficial Owners' respective Affiliates, Associates, Connected Persons and others acting in concert with any of the foregoing and " Proposing Shareholder Party " means any one of them;
Relevant Provisions	means (i) Clause 4, Clause 8 and Clause 11 of the Memorandum; (ii) Articles 2, 3, 10, 11.1 to 11.4 (inclusive), 12, 14, 16.1 to 16.3 (inclusive), 21, 22, 27, 28, 29, 30, 31 and 32; and (iii) all definitions relating to such provisions, including, without limitation, the following definitions in this Article 1.1: Distribution, Derivative Instrument, IPO Date, Proposing Shareholder Parties, Resolution of Directors, Resolution of Members, Special Resolution of Directors, Special Resolution of Members, Transfer Agent and this definition of Relevant Provisions;
Relevant Time	has the meaning given to it in Article 12.2(b);
Representative	has the meaning given to it in Article 11.16(g);
Requisition Notice	has the meaning given to it in Article 11.3(b);
Requisitioning Shareholders	has the meaning given to it in Article 11.3(b);
Resolution of Directors	means: (a) a resolution approved at a duly constituted and quorate meeting of directors (or of a committee of directors, as the case may be) by the affirmative vote of those directors who are entitled to attend and are present at the meeting and who are entitled to cast not less than a simple majority of the votes at the meeting; or (b) a resolution consented to in writing by a majority of the directors (or a majority of

	the members of a committee of directors, as the case may be) who are entitled to vote on the resolution as adopted in accordance with Article 12.10;
Resolution of Members	means a resolution approved at a duly constituted and quorate meeting of Members by the affirmative vote of not less than a simple majority of the votes of those Members present at the meeting and entitled to vote and voting on the resolution; provided always that a Resolution of Members may not be adopted or consented to in writing at any time;
Seal	means the common seal of the Company;
SEC	means the U.S. Securities and Exchange Commission;
Securities Act	means the Securities Act of 1933 of the United States, as amended from time to time;
Secretary	means the person appointed to perform any or all of the duties of secretary of the Company and, where the context allows, includes any deputy or assistant secretary and any person appointed by the Board of Directors to perform any of the duties of the Secretary;
Share	means a share of any class or series issued by the Company;
Shareholder	means a Member;
Special Meeting	has the meaning given to it in Article 11.2;
Special Resolution of Directors	means: (a) a resolution approved at a duly constituted and quorate meeting of directors (or of a committee of directors, as the case may be) by the affirmative vote of those directors who are entitled to attend and are present at the meeting and who are entitled to cast not less than two-thirds of the votes at the meeting; or (b) a resolution consented to in writing by two-thirds of the directors (or two-thirds of the members of a committee of directors, as the case may be) who are

Special Resolution of Members

entitled to vote on the resolution and adopted in accordance with Article 12.10;

means a resolution approved at a duly constituted and quorate meeting of Members by the affirmative vote of not less than two-thirds of the votes of those Members present at the meeting and entitled to vote and voting on the resolution, provided always that a Special Resolution of Members may not be adopted or consented to in writing without a meeting at any time;

Transfer

(i) any direct or indirect sale, assignment, disposition or other transfer (by operation of law or otherwise), either voluntary or involuntary, of any Class B Shares or Class C Shares; (ii) the entry into any contract, option or other arrangement or understanding with respect to any sale, assignment, disposition or other transfer (by operation of law or otherwise) of any Class B Shares or Class C Shares; (iii) the deposit of any Class B Shares or Class C Shares into a voting trust or entry into a voting agreement with respect to any Class B Shares or Class C Shares or the grant of any proxy, corporate representative appointment or power of attorney (or other consent or authorisation) with respect to any Class B Shares or Class C Shares; (iv) any pledge, mortgage, charge, hypothecation, encumbrance, disposition of or any other like transfer or encumbering of any Class B Shares or Class C Shares; or (v) any contractual arrangement, Derivative or contract for difference that has the effect of transferring any right, voting power or economic risk or value of any Class B Shares or Class C Shares to any third party; and (vi) any agreement or commitment (whether or not in writing) to take any of the actions referred to in the foregoing sub-paragraphs (i) to (v);

Transfer Agent

means the transfer agent and registrar appointed by the Company by Resolution of Directors from time to time, which shall initially be Computershare Inc. with effect from the IPO Date.

14.2. In these Articles, where not inconsistent with the context:

- (a) words denoting the plural number include the singular number and vice versa;

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- (b) words denoting the masculine gender include the feminine and neuter genders;
 - (c) words importing persons include companies, associations or bodies of persons whether corporate or not;
 - (d) a reference to voting in relation to Shares shall be construed as a reference to voting by Members holding the Shares, except that it is the votes allocated to the Shares that shall be counted and not the number of Members who actually voted and a reference to Shares being present at a meeting shall be given a corresponding construction;
 - (e) a reference to election of a person as a director shall be construed to include re-election of an existing director whose term in office is due to expire in accordance with these Articles;
 - (f) a reference to money is, unless otherwise stated, a reference to United States Dollars;
 - (g) unless expressly stated, a reference to days (i) shall be a reference to calendar days and, for the avoidance of doubt, shall include both business days and non-business days; and (ii) shall not be construed as being a reference to clear days;
 - (h) the words:-
 - (i) "may" shall be construed as permissive; and
 - (ii) "shall" shall be construed as imperative;
 - (i) any phrase introduced by the terms including, include or in particular (or any similar expression) shall be construed as illustrative and shall not limit the sense of the words preceding those terms and the rule known as the *ejusdem generis* rule shall not apply to the Memorandum or these Articles;
 - (j) a reference to a statutory provision shall be deemed to include any amendment thereto, re-enactment thereof, successor thereto and the rules and regulations promulgated thereunder;
 - (k) unless otherwise provided herein or the context otherwise requires, words or expressions defined in the Act shall bear the same meaning in these Articles; and
 - (l) a reference to an "Article" shall be a reference to an article of these Articles, a reference to a "Schedule" shall be a reference to a schedule to these Articles and a reference to a "Clause" shall be a reference to a clause of the Memorandum.
- 14.3. In these Articles, expressions referring to "writing", "written" or their cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail, other electronic means and other modes of representing words in visible form.
- 14.4. Headings used in these Articles are for convenience only and are not to be used or relied upon in the construction hereof.

SHARES

15. Shares

- 15.1. Subject to the provisions of the Memorandum, these Articles (including, without limitation, Schedule Four) and the rights of any Additional Class of Shares, the unissued Shares of the Company shall be at the disposal of the Board of Directors.

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- 15.2. Without prejudice to Clause 9 of the Memorandum or Article 2.1, the Board may (i) offer, allot, issue or grant options or other rights over Shares; (ii) grant restricted share units, phantom awards, share appreciation rights and other equity awards and interests; and (iii) otherwise dispose of the Shares and equity interests of the Company, in each case to such Persons, at such times, for such consideration (which may be money or otherwise) and upon such other terms and conditions as the Company may by Resolution of Directors determine.

16. Power of the Company to Purchase its Shares

- 16.1. Sections 60, 61 and 62 of the Act shall not apply to the Company.
- 16.2. Subject to the Act and these Articles, the Company may by Resolution of Directors, at any time and on such terms as shall be determined by the Board, purchase, redeem or otherwise acquire and hold its own Shares (a) with the prior written consent of the holder of such Shares (which consent may be given by agreement in advance and may be either unconditional or conditional); or (b) in accordance with the terms and conditions of such class of Shares or the terms and conditions upon which such class of Shares are issued (including, if permitted by the terms and conditions of such class, without the consent of the holder of such Shares).
- 16.3. The Company may enter into agreements with the Members or any Member giving it the right, or requiring it, to purchase, redeem or otherwise acquire the Shares of that Member (whether unconditionally or conditionally upon the happening of certain events).
- 16.4. Subject to the Act, a Share that the Company purchases, redeems or otherwise acquires may be cancelled or held by the Company as a treasury share.

17. Certificates for Shares

- 17.1. Share Certificates.
- (a) With effect from the IPO Date, no holder of Shares of any class in the Company shall have the right to require issuance or provision to it at any time of any certificate in respect of the Shares of any class owned by him or her in the Company. If the Company does nevertheless by Resolution of Directors elect to issue share certificates, the certificates shall be: (a) signed by at least one director, the Secretary of the Company or such other person who may be authorised by Resolution of Directors to sign share certificates; or (b) shall be under the Seal, with or without the signature of any director.
- (b) If a holder of Shares of any class in the Company received one or more certificates at any time prior to the IPO Date in respect of any Shares of any class owned by him or her in the Company, such holder shall return the originals of all such certificates to the Company for cancellation promptly upon request to do so by the Company or, if earlier, at the time of any transfer or purported transfer or other disposition of such Shares. The Company may by Resolution of Directors unilaterally cancel any original share certificates issued prior to the IPO Date that are not promptly returned upon request by the Company. Any certificates so cancelled shall be null and void and, for the avoidance of doubt, Article 4.3 shall apply in respect of any such cancelled share certificates that are not returned to the Company.
- 17.2. Lost Certificates. The Board of Directors may in its sole and absolute discretion direct a new certificate or certificates to be issued in place of and/or register as cancelled any share certificate or share certificates theretofore issued by the Company alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. If and when authorizing such issuance of a new share certificate or share

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certificates and/or cancellation, the Board of Directors may, in its discretion and as a condition precedent to the issuance and/or cancellation, require the owner of such lost, stolen or destroyed share certificate or share certificates, or his or her legal representative, to advertise the same in such manner as it shall require and/or to give the Company a bond in such sum as it may direct as indemnity against any claim that may be made against the Company with respect to the share certificate alleged to have been lost, stolen or destroyed.

- 17.3. Indemnity. Any Member receiving a share certificate for registered shares shall indemnify and hold the Company and its directors and officers harmless from any loss or liability which it or they may incur by reason of wrongful or fraudulent use or representation made by any Person by virtue of the possession thereof.

18. Fractional Shares

The Company may issue fractional Shares and a fractional Share shall have the corresponding fractional rights, obligations and liabilities of a whole Share of the same class or series of Shares.

19. Registered Shareholders

- 19.1. The Company shall be entitled to recognize the exclusive right of a person registered on its books as the owner of Shares to receive dividends, to vote as such owner, to hold liable for calls and assessments and for all other purposes in respect of such Shares a Person registered on its books as the owner of such Shares and shall not be bound to recognize any equitable or other claim to or interest in such Share or Shares on the part of any other Person, whether or not it shall have express or other notice thereof.
- 19.2. Without limitation to the foregoing, the Company may treat the holder of a registered Share as the only person entitled to:
- (a) exercise any voting rights attaching to such Share;
 - (b) receive notices in respect of such Share;
 - (c) receive a Distribution in respect of such Share; and
 - (d) exercise other rights and powers attaching to such Share.

20. Transfer of Registered Shares

- 20.1. For so long as the Class A Shares of the Company are listed on the New York Stock Exchange or any other recognised exchange, the Class A Shares of the Company may be freely transferred without the need for a written instrument of transfer provided that the transfer is carried out in accordance with the (i) laws, rules, procedures and other requirements applicable to Shares registered on such exchange and section 54A of the Act; and (ii) rules, procedures and requirements imposed by the Transfer Agent.
- 20.2. If at any time the Class A Shares of the Company are not listed on the New York Stock Exchange or any other recognised exchange, the Class A Shares shall only be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee. The instrument of transfer shall also be signed by the transferee if registration as a holder of such Class A Share imposes a liability to the Company on the transferee. The instrument of transfer shall be sent to the Company for registration.

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- 20.3. Any Transfer of the Class B Shares and the Class C Shares is subject to the Lock-Up Restrictions set out in Schedule One during the Lock-Up Period.
- 20.4. The Class B Shares and the Class C Shares shall only be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee. The instrument of transfer shall also be signed by the transferee if registration as a holder of such Class B Share or Class C Share imposes a liability to the Company on the transferee. The instrument of transfer shall be sent to the Company for registration.

21. Transmission of Registered Shares

- 21.1. The executor or administrator of the estate of a deceased Member, the guardian of an incompetent Member, the liquidator of an insolvent Member or the trustee of a bankrupt Member shall be the only person recognised by the Company as having any title to such Member's Share(s).
- 21.2. Any Person becoming entitled by operation of law or otherwise to a Share or Shares in consequence of the death, incompetence, insolvency or bankruptcy of any Member may be registered as a Member upon such evidence being produced as may reasonably be required by the Board of Directors and the Transfer Agent. An application in writing by any such Person to be registered as a Member shall for all purposes be deemed to be a transfer of such Share(s) of the deceased, incompetent, insolvent or bankrupt Member and the Board of Directors and Transfer Agent shall treat it as such.
- 21.3. Any Person who has become entitled to a Share or Shares in consequence of the death, incompetence, insolvency or bankruptcy of any Member may, instead of being registered himself, request in writing that some Person to be named by him or her be registered as the transferee of such Share(s) and such request shall likewise be treated as if it were a transfer.
- 21.4. A Person becoming entitled by operation of law or otherwise to a Share or Shares in consequence of the death, incompetence, insolvency or bankruptcy of any Member shall be entitled to receive and may give a discharge for all dividends and other moneys payable on or in respect of such Share(s), but he or she shall not be entitled to receive notice of or to attend or vote at meetings of Shareholders of the Company or, save as aforesaid, to any of the rights or privileges of Member unless and until he or she shall have become a Member in respect of such Share(s). Notwithstanding the foregoing, such Share(s) may be transferred as aforesaid even though the Person becoming entitled by operation of law or otherwise to such Share(s) is not a Shareholder at the time of the transfer.
- 21.5. Any Person who becomes entitled to any Class B Share(s) or Class C Share(s) by operation of law or otherwise shall (as holder of such Share(s)) be subject to (a) the Lock-Up Restrictions set out in Schedule One; and (b) the Transfer Restrictions set out in Schedule Two, in each case for the periods specified therein.

22. Division and Combination of Shares

- 22.1. Subject to the Act, the Company may from time to time by Resolution of Directors:
 - (a) divide its Shares, including issued Shares, into a larger number of Shares; or
 - (b) combine its Shares, including issued Shares, into a smaller number of Shares.

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- 22.2. A division or combination of Shares, including issued Shares, of a class shall be for a larger or smaller number, as the case may be, of Shares in the same class.

23. Fixing a Record Date

In order that the Company may determine the Shareholders entitled to notice of or to vote at any meeting of Shareholders or any adjournment thereof or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of Shares or for the purpose of any other lawful action, the Board of Directors may fix a record date which shall not be more than sixty (60) nor less than five (5) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of Shareholders of record entitled to notice of or to vote at a meeting of Shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may in their discretion fix a new record date for the adjourned meeting.

SHAREHOLDER MEETINGS

24. Meetings of Shareholders

24.1. Annual Meetings.

- (a) The Company shall hold an annual meeting of Shareholders designated as such by the Board of Directors (each, an **"Annual Meeting"**). Following the IPO Date, the first Annual Meeting of the Company shall take place on a date to be determined by the Board of Directors which shall not be later than April 2025 and thereafter an Annual Meeting shall be held in each calendar year.
- (b) Only the Board of Directors may convene an Annual Meeting. All Annual Meetings shall be held at such date, time and place, either within or outside the British Virgin Islands, either virtually or in person, as shall be determined from time to time by the Board of Directors and stated in the notice of the meeting or in a duly adopted waiver of notice thereof.
- (c) The business of an Annual Meeting shall be the election and re-election of directors for those Board seats whose terms expire at such meeting and any other items of business proposed by the Board of Directors and/or otherwise duly proposed by eligible Shareholders in accordance with these Articles.

24.2. Special Meetings.

- (a) Any meeting of shareholders which is not an Annual Meeting shall be designated as a **"Special Meeting"**. A Special Meeting may be held at such date, time and place, either within or outside the British Virgin Islands, as shall be stated in the notice of the meeting or in a duly adopted waiver of notice thereof.
- (b) Special Meetings may only be called:
 - (i) by the chief executive officer;
 - (ii) by the Chairman of the Board of Directors;
 - (iii) by the majority of the Board of Directors at their own initiative and in their sole discretion; or

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- (iv) by the Board of Directors upon receiving a written request from a shareholder or shareholders that complies with Article 11.3.
- (c) Special Meetings called pursuant to Articles 11.2(b)(i) to 11.2(b)(iii) shall be for the purposes and business stated in the notice of the Special Meeting. Special Meetings called pursuant to Article 11.2(b)(iv) shall be for the purposes and business determined in accordance with Article 11.3.
- (d) For the avoidance of doubt, directors of the Company may only be elected and appointed in accordance with Article 12.3 and no director may be appointed or elected at a Special Meeting.

24.3. Requisition of Special Meetings by Shareholders.

- (a) A meeting of Shareholders shall be convened by the Board of Directors in accordance with, and subject to the terms and conditions of, this Article 11.3 if requested in writing to do so by Shareholders entitled to exercise at least 30% of the voting rights in respect of the matter for which the meeting is requested.
- (b) Any written request from Shareholders to the Company pursuant to Article 11.3(a) (a "**Requisition Notice**") shall:
 - (i) specify the proposed business of the Special Meeting and otherwise comply with the requirements set out in Article 11.4 (to the extent applicable to a Special Meeting); and
 - (ii) bear the name, address and signature of the Shareholders requesting the Special Meeting (the "**Requisitioning Shareholders**") and the number of Shares legally and Beneficially Owned by each Requisitioning Shareholder.
- (c) A Requisition Notice, once received by the Company, cannot be amended, varied, supplemented or revoked without the prior written consent of the Board of Directors.
- (d) Upon receipt of a Requisition Notice, the Board of Directors shall convene the requested Special Meeting for a date not later than ninety (90) days after the date of receipt of the Requisition Notice; provided, however, that the directors may in their sole and absolute discretion disregard the Requisition Notice and not convene the requested meeting in the event that (i) the Requisition Notice is not signed by Shareholders holding at least 30% of the voting rights in respect of the matter for which the meeting is requested at the time the Requisition Notice is received by the Company; (ii) the Requisition Notice does not comply with Article 11.3(b); or (iii) the proposed business does not constitute a proper matter for Shareholder action at a Special Meeting (and, in the event that only some of the proposed business does not constitute a proper matter for Shareholder action at a Special Meeting, such business may be excluded from any notice of the Special Meeting).

24.4. Shareholder Proposals. A Shareholder who proposes or wishes to propose any business or other matter to be considered at a meeting of Shareholders or who otherwise brings or wishes to bring any business or other matter before a meeting of Shareholders (a "**Proposing Shareholder**") must:

- (a) in the case of any business or other matter to be considered at an Annual Meeting, notify the Company in writing by not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, prior to the first anniversary of the preceding year's Annual Meeting (provided that if the Company did not have an Annual Meeting the preceding year not later than the close of business on February 1 of the calendar

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year in which the Annual Meeting is to be held or such other date notified to Shareholders by the Board of Directors); and

- (b) in the case of any business or other matter to be considered at a Special Meeting convened pursuant to Article 11.2(b)(iv), include notice of such business or matter in the Requisition Notice,

and, in each case, (x) the notice must comply with, and include the information required by, Article 11.5 and Article 11.6 (as applicable) and the Proposing Shareholder(s) must comply with Article 11.5(c) and Article 11.7 (as applicable); and (y) the proposed business or other matter must constitute a proper matter for Shareholder action at the Annual Meeting or Special Meeting (as applicable), failing either of which the directors may in their sole and absolute discretion disregard and exclude from the meeting of Shareholders the business or other matter proposed by the Proposing Shareholder (in whole or in part). Without the prior permission of the Board of Directors, a Shareholder may not propose any business or other matter for a Special Meeting convened pursuant to Article 11.2(b)(i).

24.5. Nominations of Directors:

- (a) Nominations of persons for election or re-election as directors of the Company at an Annual Meeting may only be made by (i) the Board of Directors (acting in its sole and absolute discretion); or (ii) any Shareholder (or Shareholders collectively) holding not less than five per cent. (5%) of the voting rights that may be exercised at the Annual Meeting entitled to attend and vote at such meeting and who complies with the deadline specified in Article 11.4(a) and this Article 11.5.
- (b) Any Proposing Shareholder(s) who are entitled and wish to nominate a person for election as a director of the Company pursuant to Article 11.5(a)(ii) must provide to the Company the following documentation and information by the deadline specified in Article 11.4(a):
- (i) such person's written confirmation they are not disqualified for appointment as a director pursuant to section 111 of the Act;
 - (ii) such person's written consent to act as a director of the Company with effect from the time of his or her appointment, which shall include all information specified by section 118A of the Act and must enclose a notarized copy of the photo page of such person's passport or driver's licence and a utility bill dated not more than forty-five (45) days prior to the date of the Proposing Shareholders' notice to the Company;
 - (iii) such person's curriculum vitae, which shall be in customary form and shall state all directorships, offices and employment that the person has held in the past ten (10) years;
 - (iv) a written statement confirming the place of birth, all citizenships held and all current places of residence and tax residencies of such person;
 - (v) a written statement as to whether or not such person is Independent;
 - (vi) such person's written consent to being named in the proxy statement as a Candidate for election;
 - (vii) a written statement setting out all direct and indirect compensation, remuneration and other material monetary agreements, arrangements and understandings

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during the past three years, and any other material relationships, between or among the Proposing Shareholder and each other Proposing Shareholder Party on the one hand, and each proposed nominee, and/or his or her respective Affiliates, Associates, Family Members and/or others acting in concert with any of the foregoing, on the other hand, including, without limitation, all information relating to such person that would be required to be disclosed pursuant to Item 7B of Form 20-F promulgated by the SEC under the Exchange Act if each Proposing Shareholder Party were the "registrant" for the purposes of such rule and the nominee were a director or executive officer of such registrant;

- (viii) all other information relating to such person that would be required to be disclosed pursuant to Items 6 and 8.A.7 of Form 20-F promulgated by the SEC under the Exchange Act;
 - (ix) a written representation agreement (in a form provided by the Secretary) from such person confirming that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director, will act or vote on any issue or question pertaining in any way to the Company (a **"voting commitment"**) that has not been disclosed in the representation agreement; or (2) any voting commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Company, with such person's fiduciary or other director's duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company (including, without limitation, any Proposing Shareholder Party) with respect to any direct or indirect compensation, reimbursement, financial incentive or indemnification in connection with service or action as a director that has not been disclosed in the representation agreement, and (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and share trading policies and guidelines of the Company; and
 - (x) a written statement setting out the information required by Article 11.6(a)(vi) in respect of each Proposing Shareholder Party.
- (c) The Board of Directors may require any proposed nominee to furnish such other documentation and/or information as it may require (i) to determine the eligibility of such proposed nominee to serve as a director, including with respect to qualifications established by any committee of directors and the matters referred to in Article 11.5(d); (ii) to determine whether such nominee qualifies as Independent or as an "independent director" or "audit committee financial expert" under applicable law, securities exchange rule or regulation, or any corporate governance guideline or committee charter of the Company; (iii) to verify the place of birth, citizenship, tax residencies and countries of residence of the proposed nominee; or (iv) that could otherwise be material to a reasonable Shareholder's understanding of the independence and qualifications, or lack thereof, of such nominee.
- (d) If the Board of Directors determines by Resolution of Directors that: (i) a person nominated by a Shareholder for election as a director of the Company is not qualified, does not have the requisite experience, has a conflict of interest or is otherwise unsuitable or unfit for office; or (ii) the election of such person may (A) give rise to a material risk that the Company's (and/or its subsidiaries'

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respective) brands, businesses, reputation and/or commercial relationships would be adversely affected; (B) result in the Company not having a sufficient number of directors who are Independent for the purposes of its audit committee pursuant to the applicable requirements of Section 10A(m)(1) of the Exchange Act and Rule 10A-3 promulgated thereunder; or (C) give rise to a material risk that the Company would lose its status as a "foreign private issuer" as defined in Rule 405 of Regulation C under the Securities Act and Rule 3b-4 under the Exchange Act, it may refuse to accept the nomination of such person and, upon such determination by the Board of Directors, such person shall be deemed to be disqualified from being a director of the Company pursuant to section 111(1)(e) of the Act and shall not be put forward as a Candidate at any Annual Meeting. In the case of items (B) and (C) above, if for any reason the Board of Directors is not able to make such a determination until the Annual Meeting takes place (including, without limitation, because such a determination may depend on the results of the election for each Available Board Seat at the Annual Meeting), the Board may by Resolution of Directors (x) refuse to accept the nomination of such person upon the occurrence of certain events and/or conditionally upon certain contingencies arising; or (y) refuse to accept the nomination at the Annual Meeting (and the Chairman shall have the power to adjourn the Annual Meeting to allow the Board of Directors to consider such a matter). If such a determination by the Board of Directors becomes effective or a final determination is made at an Annual Meeting, such a person shall be deemed to be disqualified from being a director of the Company (pursuant to section 111(1)(e) of the Act and otherwise) and shall immediately cease to be a Candidate at the Annual Meeting (notwithstanding the fact that such person's candidacy was included in the notice of the Annual Meeting).

24.6. Other Business Proposed by Shareholders:

- (a) If a Proposing Shareholder wishes to propose any business or other matter pursuant to Article 11.4 other than the nomination of a person or persons for election as a director, the Proposing Shareholder shall provide the following information and documentation with its notice to the Company by the applicable deadline specified in Article 11.4:
- (i) a brief description of the business or other matter desired to be brought before the meeting;
 - (ii) the reasons for conducting such business or other matter at the meeting;
 - (iii) the text of the proposal or business or other matter, including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend the Memorandum and/or these Articles, the language of the proposed amendment;
 - (iv) any material interest of the Proposing Shareholder and each other Proposing Shareholder Party in such business or other matter;
 - (v) a description of all agreements, arrangements and understandings between the Proposing Shareholder Parties, on the one hand, and any other person or persons (including their names), on the other, in connection with the proposal of such business or other matter by the Proposing Shareholder; and
 - (vi) as to each Proposing Shareholder making the proposal: (i) the name and address of the Proposing Shareholder, as it appears on the register of members of the Company, and of the Beneficial Owner(s), if any; (ii) (A) the class and number of Shares that are, directly or indirectly, owned beneficially and/or of record by the

Proposing Shareholder and each other Proposing Shareholder Party, (B) any Derivative Instrument directly or indirectly owned beneficially and/or held by the Proposing Shareholder and each other Proposing Shareholder Party; (C) any proxy, contract, arrangement, understanding or relationship pursuant to which the Proposing Shareholder and/or any Proposing Shareholder Party has a right to vote any Shares of the Company, (D) any short interest in any security of the Company directly or indirectly owned beneficially by the Proposing Shareholder and each other Proposing Shareholder Party (for the purposes of this Article, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through a contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any right to dividends or other Distributions on the Shares directly or indirectly owned beneficially by the Proposing Shareholder and each other Proposing Shareholder Party, which right is separated or separable from the underlying Shares, (F) any interest in Shares or Derivative Instruments held directly or indirectly by a general or limited partnership in which the Proposing Shareholder or any other Proposing Shareholder Party is a general partner or with respect to which the Proposing Shareholder and any other Proposing Shareholder Party, if any, directly or indirectly Beneficially Owns an interest in a general partner, and (G) any performance-related fees (other than an asset-based fee) to which the Proposing Shareholder or any other Proposing Shareholder Party is entitled to base any increase or decrease in the value of Shares of the Company or pursuant to any Derivative Instrument, if any; in each case with respect to the information required to be included in the notice pursuant to (A) through (G) above, as of the date of such notice and including, without limitation, any such interests held by members of the Proposing Shareholders and each other Proposing Shareholder Party (which information shall be supplemented by the Proposing Shareholder (y) not later than ten (10) days after the record date for the relevant meeting to disclose such ownership and interests as of the record date and (z) ten (10) days before the relevant meeting date); (iii) a representation whether the Proposing Shareholder and/or any Proposing Shareholder Party, if any, intends or is part of a group that intends (A) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding Shares required to approve or adopt the proposal or elect the nominee or (B) otherwise to solicit proxies from shareholders in support of such proposal; and (iv) a certification regarding whether the Proposing Shareholder and each other Proposing Shareholder Party, if any, have complied with all applicable legal requirements and the Memorandum and these Articles in connection with the Proposing Shareholder's and each other Proposing Shareholder Party's acquisition of Shares or other securities of the Company and/or their acts or omissions as a Shareholder of the Company and that all information provided to the Company pursuant to these Articles is true, complete and accurate.

- 24.7. Other Documentation and/or Information. The Board of Directors may require a Proposing Shareholder to furnish such other documentation and/or information as it may require (i) to establish or verify the information required by Article 11.6; or (ii) that could otherwise be material to a reasonable Shareholder's understanding of the business or other matter proposed by the Proposing Shareholder.
- 24.8. Notice of Meeting. Written notice of any Shareholder meeting stating the place, date (and, if applicable, the record date for determining Members entitled to attend and vote at the meeting)

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and time of the meeting, the purpose or purposes for which the meeting is called, and the means of remote communication, if any, by which Shareholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given to each Shareholder entitled to vote at such meeting and each director not fewer than ten (10) nor more than one hundred and twenty (120) days before the date of the meeting in any means permitted under the Act and these Articles (including, without limitation, Article 13). The directors shall be entitled to receive notice of, attend and be heard at a meeting of Members. The inadvertent failure or accidental omission to give notice of a Shareholder meeting to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice shall not invalidate the Shareholder meeting or the proceedings at that meeting. Any notice required to be given to a Member shall, with respect to any Shares held jointly by two or more persons, be given to whichever of such persons is named first in the register of members and notice so given shall be sufficient notice to all the holders of such Shares. Notwithstanding the foregoing, a meeting of Members held in contravention of the notice requirements set out in this Article 11.8 is valid if shareholders holding ninety per cent. (90%) or more of the total voting rights on all the matters to be considered at the meeting have waived notice of the meeting and, for this purpose, the presence of a Shareholder at such meeting shall be deemed to constitute waiver on his part.

- 24.9. Changes to Meetings: The Board of Directors may postpone, reschedule or cancel any Annual Meeting or any Special Meeting convened at the initiative of the Board of Directors in respect of which notice has previously been given to the Shareholders. A Special Meeting convened pursuant to any Requisition Notice may be postponed, rescheduled or cancelled by the Board with the agreement of the Requisitioning Shareholders.
- 24.10. Business Transacted at Meeting. Business transacted at any meeting of Shareholders shall be limited to the purposes stated in the notice.
- 24.11. Quorum; Meeting Adjournment; Presence by Remote Means, Virtual Meetings.
- (a) Quorum; Meeting Adjournment. A meeting of Shareholders is duly constituted and quorate if, at the commencement of the meeting, there are present in person or by proxy not less than thirty per cent. (30%) of the votes of the Shares entitled to vote on the resolutions to be considered at the meeting. If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened pursuant to a Requisition Notice, shall be dissolved; in any other case it shall stand adjourned to the next business day in the jurisdiction in which the meeting was to have been held at the same time and place or to such other date, time and place as the Board of Directors may determine and announce at the meeting (without the need for any further notice to shareholders). At any such adjourned meeting if there are present within one (1) hour from the time appointed for the meeting in person or by proxy not less than thirty per cent. (30%) of the votes attaching to the Shares or each class or series of Shares entitled to vote thereon, those present shall constitute a quorum but otherwise the meeting shall be dissolved and any business may be transacted that might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Shareholder of record entitled to vote at the meeting.
- (b) Presence by Remote Means. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, Shareholders

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and proxyholders not physically present at a meeting of Shareholders may, by means of telephone, electronic means or other remote communication:

- (i) participate in a meeting of Shareholders; and
 - (ii) be deemed present in person and vote at a meeting of Shareholders whether such meeting is to be held at a designated place or solely by means of remote communication; provided that (a) the Company shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a Shareholder or proxyholder, (b) all Shareholders and proxyholders participating in the meeting are able to hear each other and the Company shall implement reasonable measures to provide such Shareholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the Shareholders, including an opportunity to hear the proceedings of the meeting substantially concurrently with such proceedings; and (c) if any Shareholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Company.
- (c) Virtual meetings. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, a meeting of Shareholders or any committee thereof may take place solely by means of telephone or other means of communication (including electronic means) by which all persons participating in the meeting are able to hear each other.
- 24.12. Voting Thresholds. When a quorum is present at any meeting, the vote of the holders of a majority of the Shares having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the Act or the Memorandum or these Articles a Special Resolution of Members or a different vote is required (including, without limitation, pursuant to Article 12.3), in which case such express provision shall govern and control the decision of such question.
- 24.13. Number of Votes Per Share. Subject always to the rights of any Additional Class of Shares in issue from time to time, each Class A Shareholder and Class C Shareholder shall at every meeting be entitled to one (1) vote by such Shareholder or by proxy for each Class A Share or Class C Share (as relevant) and each Class B Shareholder shall at every meeting of the Shareholders be entitled to fifteen (15) votes by such Shareholder or by proxy for each Class B Share, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.
- 24.14. No Action Permitted by Written Consent of Shareholders. Any action required or permitted to be taken at any meeting of the Shareholders and any Resolution of Members or Special Resolution of Members must be taken and/or adopted at a meeting of the Shareholders and cannot be taken in writing in lieu of a meeting of the Shareholders.
- 24.15. Procedure for Voting at Meetings.
- (a) Unless the Chairman otherwise determines, at any meeting of Members a resolution put to the vote of the meeting shall, in the first instance, be voted upon by a show of hands and, subject to any rights or restrictions for the time being lawfully attached to any Additional Class of Shares or other class of Shares and subject to the provisions of the Memorandum and these Articles, every Member present in person and every person holding a valid proxy at such meeting shall be

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entitled to one vote and shall cast such vote by raising his hand. At any meeting of Members, a declaration by the Chairman of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to these Articles, be conclusive evidence of that fact.

- (b) If the Chairman shall have any doubt as to the outcome of any resolution put to the vote, he shall cause a poll to be taken of all votes cast upon such resolution, but if the Chairman shall fail to take a poll then any Member present in person or by proxy who disputes the announcement by the Chairman of the result of any vote may immediately following such announcement demand that a poll be taken and the Chairman shall thereupon cause a poll to be taken. The Chairman shall in his discretion determine the method and procedures for conducting and counting any poll. A poll shall take into account the votes attaching to each class of Shares as described in Article 11.13. If a poll is taken at any meeting, the result thereof shall be announced at the meeting and duly recorded in the minutes of that meeting by the Chairman and shall replace any previous resolution upon the same matter which has been the subject of a show of hands.
- (c) The following shall apply where Shares are jointly owned: (a) if two or more persons hold Shares jointly, each of them may be present in person or by proxy at a meeting of Members and may speak as a Member; (b) if only one of the joint owners is present in person or by proxy he or she may vote on behalf of all of such joint owners; and (c) if two or more of the joint owners are present in person or by proxy they must vote together as one.
- (d) A person entitled to more than one vote need not use all his votes or cast all the votes he or she uses in the same way.

24.16. Instruments of Proxy and Representatives.

- (a) A Member may be represented at a meeting of Members by a proxy (who need not be a Member) who may speak and vote on behalf of the Member.
- (b) An instrument appointing a proxy shall be in such form as the Board of Directors may from time to time determine or such other form as the Chairman of the meeting shall accept as properly evidencing the wishes of the Member appointing the proxy.
- (c) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such instrument and power of attorney or other authority, shall be sent to the Company and/or the Transfer Agent in the manner specified in the notice of the meeting or in the instrument of proxy issued by the Company. Such documents must be deposited or sent so to be received by the Company and/or Transfer Agent (as applicable) by the time specified in the notice of the meeting or in the instrument of proxy issued by the Company. In the absence of any such specifications, such documents shall be delivered to the Transfer Agent not later than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote (or by such other time specified in the notice of the meeting). In the event of non-compliance with this Article, the instrument of proxy shall not be treated as valid and the votes cast by such proxy or on behalf of such person shall be disregarded unless otherwise determined by Resolution of Directors.
- (d) A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the death or insanity of the principal or the revocation of the instrument of proxy, or of the authority under which the instrument of proxy was executed, or the transfer of the Share

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in respect of which the instrument of proxy is given; provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument of proxy is used.

- (e) A Member who is the holder of two or more Shares may appoint more than one proxy to represent him or her and vote on his or her behalf in respect of different shares.
- (f) The decision of the Chairman as to the validity of any appointment of a proxy shall be final.
- (g) Any person other than an individual which is a Member may by resolution in writing (certified or signed by a duly authorised person) of its directors or other governing body authorise such person as it thinks fit to act as its representative (in this Article, "**Representative**") at any meeting of the Members or at the meeting of the Members of any class or series of Shares and the Representative shall be entitled to exercise the same powers on behalf of the Member which he represents as that Member could exercise if it were an individual, and that Member shall be deemed to be present in person at any such meeting attended by its Representative.
- (h) The right of a Representative shall be determined by the law of the jurisdiction where, and by the documents by which, the Member is constituted or derives its existence. In case of doubt, the Board of Directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the Board of Directors may rely and act upon such advice without incurring any liability to any Member.
- (i) Notwithstanding the foregoing, the Chairman may accept such assurances as he thinks fit as to the right of any person to attend and vote at meetings on behalf of a company or other entity which is a Member.

- 24.17. Adjournment of Shareholder Meetings. Subject to Articles 11.5(d) and 11.11(a), (a) the Chairman may, if he or she determines circumstances require it or otherwise with the consent of Members holding a simple majority of the votes present at the meeting (notwithstanding that a quorum is not present), adjourn any meeting from time to time, and from place to place; (b) no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place; and (c) notice of the adjourned meeting shall, if necessary, be given in accordance with these Articles.

DIRECTORS

25. Directors

25.1. Number of Directors.

- (a) With effect from the Relevant Time, the size of the Board of Directors shall be set at a minimum of seven (7) directors and a maximum of fifteen (15) directors, with the number of Board seats being exclusively determined by a Resolution of Directors (and, for the avoidance of doubt, the size of the Board of Directors may not be changed by the Members at any time (whether by Resolution of Members, Special Resolution of Members or otherwise)).

25.2. Classes of Directors.

- (a) With effect from the Relevant Time, the directors shall be divided into three classes, as nearly equal in number as possible, which classes shall be designated as the "**Class I Directors**", "**Class II Directors**" and "**Class III Directors**", respectively. Subject to Article 12.2(b), the Board

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of Directors shall have the exclusive power by Resolution of Directors to determine the respective numbers of Class I Directors, Class II Directors and Class III Directors from time to time.

- (b) The initial Class I Directors, Class II Directors and Class III Directors shall be those directors of the Company identified and assigned to a class pursuant to the written Resolution of Members adopted prior to the time the Class A Shares are first traded on the New York Stock Exchange and at such time as these Articles were adopted or otherwise as determined by the Board (the time such resolution is adopted being the “**Relevant Time**”). Thereafter, each director of the Company shall be assigned to a class of directors solely in accordance with Article 12.2(d) or Article 12.2(h) and the numbers of Class I Directors, Class II Directors and Class III Directors shall be determined solely by Resolution of Directors from time to time.
- (c) There is no distinction in the voting or other powers and authorities of directors of different classes; such classifications are solely for the purposes of the retirement by rotation provisions set out in this Article 12.2.
- (d) Subject to Articles 12.2(e), (f), (g) and (h), each director shall be elected for a term of office expiring at the conclusion of the third succeeding Annual Meeting after his or her election or until their earlier death, resignation or removal. Each director elected or re-elected at an Annual Meeting shall automatically be allocated to the same class of directors as those directors whose term expires at the conclusion of such Annual Meeting in accordance with these Articles.
- (e) Each director designated as a Class I Director at the Relevant Time shall, unless his or her office is vacated earlier in accordance with these Articles, serve initially until the conclusion of the first Annual Meeting held after the IPO Date.
- (f) Each director designated as a Class II Director at the Relevant Time shall, unless his or her office is vacated earlier in accordance with these Articles, serve initially until the conclusion of the second Annual Meeting held after the IPO Date.
- (g) Each director designated as a Class III Director at the Relevant Time shall, unless his or her office is vacated earlier in accordance with these Articles, serve initially until the conclusion of the third Annual Meeting held after the IPO Date.
- (h) If:
 - (i) the size of the Board of Directors is at any time increased pursuant to Article 12.1 and the Board of Directors appoints one or more persons to fill such newly-created directorship(s) pursuant to Article 12.18, the new director shall be allocated to such class of directors as may be determined by, and in the exclusive discretion of, the Board of Directors acting by Resolution of Directors; provided that the number of directors in each class should be kept as nearly equal in number as possible; or
 - (ii) a person is appointed as a director by the Board of Directors to fill a vacancy pursuant to Article 12.18, the new director shall be in the same class of directors as the class of the preceding director who vacated office.

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25.3. Election of Directors.

- (a) A director of the Company may only be elected:
- (i) by a vote of the Members conducted in accordance with Article 12.3(b) at an Annual Meeting; provided always that (A) any such election shall only take place at an Annual Meeting at which the term of a class of directors expires in accordance with Article 12.2 (and such election shall only relate to that class of directors); and (B) the first such election shall take place at the first Annual Meeting after the IPO Date, at which the term of the initial Class I Directors expires in accordance with Article 12.2(e); or
 - (ii) pursuant to Article 12.18.
- (b) Directors shall be elected at an Annual Meeting by a plurality of the votes of the Shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. The following procedure shall apply to such elections:
- (i) The notice of each Annual Meeting at which the term of a class of directors is expiring shall state:
 - the class of directors whose term is expiring, the number of directors currently in that class and the number of seats on the Board of Directors that shall be subject to an election at the Annual Meeting (the “**Available Board Seats**” and each, an “**Available Board Seat**”); and
 - whether the directors whose term is expiring are standing for re-election and whether any other person has been duly nominated for election as a director in accordance with Article 11.5 (all such directors standing for re-election and all such nominees collectively being the “**Candidates**” and each a “**Candidate**”).
 - (ii) The Chairman shall cause a poll to be taken for each Available Board Seat. The only available voting option on such poll shall be to vote “for” a particular Candidate or to “abstain” (and all “against” or similar votes shall be disregarded). All Candidates (except those already elected in accordance with this Article) shall be put forward for election as a director in respect of each Available Board Seat. In respect of each such poll, the Candidate receiving the highest number of votes of the Shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors (notwithstanding that such votes may represent less than a majority of the votes represented at the meeting and may not constitute a Resolution of Members) shall be elected as a director for that Available Board Seat. Once a Candidate is elected as a director, the remaining Candidates who have not been elected as directors shall be put forward for the next Available Board Seat, with the Candidate receiving the highest number of votes of the Shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors (notwithstanding that such votes may represent less than a majority of the votes represented at the meeting and may not constitute a Resolution of Members) for each such poll being elected as a director for that next Available Board Seat and so on until there are no more Available Board Seats.

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- (iii) For the avoidance of doubt, if the number of Available Board Seats exceeds the number of Candidates, the Board of Directors may fill the vacancy pursuant to Article 12.18 or reduce the size of the Board pursuant to Article 12.1.
- (iv) The Board of Directors may by Resolution of Directors confirm and approve the appointment of directors elected pursuant to this Article 12.3.

- (c) No person shall be appointed as a director unless he or she has consented in writing to act as a director.
- (d) A director shall not require a share qualification.
- (e) Each director shall hold office for the term set out in Article 12.2 or until his or her earlier death, resignation or removal in accordance with these Articles.
- (f) Absent an affirmative favourable Resolution of Directors, no person shall be appointed as a director if such person currently holds the office of director on the board of a competitor of the Company. If a director of the Company is elected or is found to hold the office of director on the board of a competitor of the Company, such director may be removed pursuant to Article 12.15. A director of the Company shall disclose to the Board if he or she is a director, officer, employee or consultant to any competitor or potential competitor of the Company.

25.4. Board Authority.

- (a) The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Board of Directors.
- (b) The Board of Directors has all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company and may exercise all the powers of the Company and do all such lawful acts and things as are not by statute or by the Memorandum or these Articles required to be exercised or done by the Shareholders.
- (c) Without limiting the generality of the foregoing, the Board of Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking and property, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party. Subject to the provisions of the Act, all cheques, promissory notes, draft, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by Resolution of Directors.

25.5. Location of Meetings. The Board of Directors may hold meetings, both regular and special, either within or outside the British Virgin Islands.

25.6. Regular Meetings. Regular meetings of the Board of Directors may be held without additional notice being given to the directors at such time and at such place as shall from time to time be determined by the Board of Directors; provided the date, time and place of such regularly scheduled meeting has been notified to all directors in accordance with the procedures set forth for special meetings in Article 12.7.

25.7. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman, the chief executive officer or any three directors upon notice to each director. Notice of any special

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meeting shall be given to each director at his business or residence in writing, or by telegram, facsimile transmission, telephone communication, email or other electronic transmission. Such notice shall be deemed adequately delivered and given to each director and to be reasonable: (a) if mailed, when deposited in the United States mail addressed to the director's address stated on the register of directors, with postage thereon prepaid, at least seven (7) days before such meeting; (b) if sent by international courier, when prepaid and deposited with the courier company and addressed to the director's address stated on the register of directors, at least three (3) days before such meeting (c) if by facsimile transmission, email or other electronic transmission, if sent at least twenty-four (24) hours before such meeting to the fax number or email address of the director; and (c) if by telephone, at least twelve (12) hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to the Memorandum and/or these Articles as provided under Clause 11 of the Memorandum or any proposal to remove a director pursuant to Article 12.15(c). A meeting may be held at any time without notice if all the directors are present (except as otherwise provided by law) or if those not present waive notice of the meeting in writing, either before or after such meeting.

- 25.8. Voting Rights of Directors. Each director shall have one vote on any Resolution of Directors, Special Resolution of Directors and any other action by the Board of Directors or any committee of the Board of Directors on which such director serves as a committee member. Notwithstanding anything to the contrary in the Memorandum or these Articles or in any agreement to which the Company is a party, all references to a majority or other proportion of the directors of the Company for purposes of establishing a quorum or the action of the Board of Directors shall be deemed to be references to a majority or such other proportion of the votes that all of the directors of the Company are entitled to cast in the aggregate in respect of the relevant matter.
- 25.9. Quorum. At all meetings of the Board of Directors, the presence of at least a majority of the directors (and who are not disqualified from attending and/or voting) shall constitute a quorum for the transaction of the relevant business. Any act of a majority of the directors present at any meeting at which there is a quorum shall be an act of the Board of Directors, except as may be otherwise specifically provided by the Act or the Memorandum or these Articles (including, without limitation, where a Special Resolution of Directors is required). If a quorum is not present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.
- 25.10. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors (or of any committee thereof) may be taken without a meeting if a consent in writing setting forth the action so taken is:
- (a) circulated to all directors in advance of being adopted; and
 - (b) signed by a majority of the directors in the case of a Resolution of Directors (or a majority of the members of the committee of directors, as the case may be) and by two-thirds of the directors in the case of a Special Resolution of Directors, who are entitled to vote on the action in question.
- 25.11. Telephonic Meetings. Members of the Board of Directors or any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or any committee, by means of conference telephone or other means of communication (including electronic means) by which all persons participating in the meeting are able to hear each other, and such participation shall constitute presence in person at the meeting.

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25.12. Committees.

- (a) Subject to the Act, the Board of Directors may designate one or more committees by Resolution of Directors, each committee to consist of one or more of the directors of the Company.
- (b) Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Company, and may authorize the seal of the Company to be affixed to all papers which may require it, but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the shareholders, any action or matter expressly required by the Act to be submitted to shareholders for approval; (ii) adopting, amending or repealing any provision of the Memorandum or these Articles; or (iii) the matters specified in section 110(2) of the Act.
- (c) With effect from the conclusion of the Company's first Annual Meeting after the IPO Date, the Company's audit committee must be made up of not less than three (3) directors who are Independent.

25.13. Minutes of Meetings. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

25.14. Compensation of Directors. The Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Company in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

25.15. Removal of Directors.

- (a) This Article 12.15 shall apply to the exclusion of section 114(1), section 114(2), section 114(3) and section 114(5) of the Act, which shall not apply to the removal of directors of the Company.
- (b) A director of the Company may be removed by members:
 - (i) with Cause, by a Resolution of Members; or
 - (ii) without Cause, by a Special Resolution of Members,

in each case, at a duly convened and quorate meeting of members called for the stated purpose of removing the director or for stated purposes including the removal of the director and adopted in accordance with these Articles.

- (c) A director of the Company may be removed by directors:
 - (i) with Cause, by a Resolution of Directors; or
 - (ii) without Cause, by a Special Resolution of Directors,

in each case, excluding the votes by the director proposed to be removed from office both from the numerator and denominator in calculating whether the requisite proportion of votes has been obtained, and, for the avoidance of doubt, a resolution consented to in writing by two-thirds of those directors of the Company other than the director proposed to be removed from office (which

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must be more than one director) shall be effective to remove such director upon notice of that written resolution being given to all directors not consenting to the resolution) and adopted in accordance with these Articles.

- (d) For the purposes of this Article 12.15, "**Cause**" shall include (i) the generally-accepted meaning of "cause" for removal from a board of directors under, and be construed in accordance with, the laws of the State of Delaware (United States) and (ii) the election of a director to the Board of a competitor of the Company..

25.16. Notwithstanding section 130 of the Act, a director may not appoint an alternate.

25.17. Resignation of Directors. A director may resign his office by giving written notice of his resignation to the Company and the resignation shall have effect from the date the notice is received by the Company or from such later date as may be specified in the notice.

25.18. Vacancies and Newly Created Directorships. The office of a director shall be vacated if the director is removed from office pursuant to these Articles, dies or becomes bankrupt or makes any arrangement or composition with his creditors generally, is or becomes of unsound mind or an order for his detention is made under the mental health laws of any jurisdiction, or resigns his office by notice in writing to the Company. The Board of Directors may act notwithstanding any vacancy in its number. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled exclusively by a Resolution of Directors of those directors then in office, notwithstanding that the directors passing such Resolution of Directors may represent less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office for the period contemplated in Article 12.2. The Board of Directors may determine that newly created directorships in a particular class of directors resulting from any increase in the authorized number of directors of that class shall be filled at the Annual Meeting at which elections are to take place for that class. If and only if there are no directors in office, then the Members may elect new directors by Resolution of Members to fill the vacancies. Subject to the foregoing, the continuing directors may act notwithstanding any vacancy in their body.

25.19. Sole Director. If the Company shall have only one director the provisions herein contained for Board meetings shall not apply but such sole director shall have full power to represent and act for the Company in all matters as are not by the Act or the Memorandum or these Articles required to be exercised by the Members of the Company.

25.20. Additional Classes of Shares. The provisions of this Article 12 shall be subject to the rights of each Additional Class of Shares authorised and issued by Resolution of Directors pursuant to Clause 9 of the Memorandum, if any, to appoint and/or remove additional directors, which rights may be set-out in the Memorandum or in these Articles.

NOTICES

26. Notices

26.1. Notice of Board Meetings and Director Notices. Notices of Board Meetings, and any other notice to be given to a director under the Act, the Memorandum or these Articles, may be given in the manner contemplated by Article 12.7.

26.2. Notice of Shareholder Meetings and Shareholder Notices. Unless otherwise provided in the Memorandum or these Articles, whenever, under the provisions of the Act or of the Memorandum or these Articles, notice is required to be given to any Shareholder (including, without limitation,

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for the purposes of convening any meeting of Shareholders), it shall not be construed to mean personal notice, but such notice may be given:

- (a) by mail, addressed to such Shareholder, at his or her address as it appears on the register of Members of the Company, with postage thereon prepaid, and such notice shall be deemed to be given on the seventh (7th) day after which the same shall be deposited in the United States mail;
- (b) by pre-paid courier service or registered mail, addressed to such Shareholder, at his or her address as it appears on the register of Members of the Company, and such notice shall be deemed to be given on the third (3rd) day after which the same shall be deposited with the courier company or post office; or
- (c) in accordance with Article 13.3.

26.3. Electronic Notice.

- (a) Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to Shareholders, any notice, information or written statement to Shareholders given by the Company under any provision of the Act, the Memorandum or these Articles shall be effective if given by a form of electronic transmission. Each person who is or who at any time becomes a Member or otherwise acquires any interest in Shares of the Company shall be deemed to have notice of, and to have consented to, the provisions of this Article 13.3.
- (b) Effective Date of Notice. Notice given pursuant to Article 11.8 shall be deemed given: (1) if by facsimile telecommunication, when directed to a fax number at which the Shareholder has provided to receive notice; (2) if by electronic mail, when sent to an electronic mail address which the Shareholder has provided to receive notice; (3) if by a posting on an electronic network together with separate notice to the Shareholder of such specific posting, upon the later of (i) such posting and (ii) the giving of such separate notice; and (4) if by any other form of electronic transmission (including, without limitation, such forms of electronic transmission notified to Shareholders by the Transfer Agent from time to time), when directed to the Shareholder. An affidavit of the Secretary or of the Transfer Agent or other agent of the Company that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.
- (c) Form of Electronic Transmission. For purposes of the Memorandum and these Articles, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

26.4. Waiver of Notice. Without prejudice to Articles 11.8 and 12.7, whenever any notice is required to be given under the provisions of the Act or of the Memorandum or these Articles, a waiver thereof in writing, signed or consented to by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

26.5. Notice to the Company. Notice may be given to the Company as prescribed in the Act.

OFFICERS

27. **Officers and Agents**

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- 27.1. Officers. The Company's chief executive officer and secretary shall be chosen by the Board of Directors and elected by Resolution of Directors. Other officers of the Company may only be appointed by the Board if first nominated by the chief executive officer (provided that if there is no chief executive officer appointed the Board may elect such additional officers as it shall determine). The Board of Directors shall elect from among its members a Chairman of the Board, who shall hold a term equivalent to the term as a director (subject to prior removal by a Special Resolution of Directors). The Board of Directors may (but shall not have any obligation to) also choose one or more assistant secretaries. Any number of offices may be held by the same person.
- 27.2. Appointment of Officers. The Board of Directors shall appoint such officers and shall appoint such agents as it shall deem necessary who shall hold their offices for such terms and, subject to the Act, shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.
- 27.3. Authority of Directors and other Officers to Sign Documents. Each director and officer and each other person authorised by Resolution of Directors (an **"Authorised Person"**) may acting jointly with any other Authorised Person execute bonds, mortgages, deeds, powers of attorney, contracts requiring a seal, bank account opening documents and all other contracts, agreements and documents to be entered into by the Company that the Authorised Person reasonably believes are within the scope of his or her express or implied authority to act on behalf of the Company. Where there is any doubt as to the scope of such authority, the document shall not be executed by an Authorised Person until approved by Resolution of Directors.
- 27.4. Officer Compensation. The salaries and emoluments of the chief executive officer of the Company shall be fixed by the Board of Directors, and compensation for other officers and employees shall be approved by the chief executive officer, subject to Board approval for equity compensation.
- 27.5. Term of Office; Vacancies. The officers of the Company shall hold office until resignation, dismissal or section of their successors in accordance with Article 14.1. Any officer elected or appointed by the Board of Directors may be removed at any time by Resolution of Directors; provided that removal of the chief executive officer shall require a Special Resolution of Directors. Any candidate to fill any vacancy occurring in any office of the Company that is filled by the Board of Directors shall be approved by the Board of Directors.
- 28. The Chairman Of The Board**
- 28.1. Chairman Presides. The Chairman of the Board shall preside at all meetings of the Board of Directors and of the Shareholders at which he or she shall be present. Subject to the Act, he or she shall have and may exercise the powers of Chairman and such powers as are, from time to time, assigned to him or her by the Board of Directors and as may be provided by law or these Articles.
- 28.2. Absence of Chairman. In the absence of the Chairman of the Board, any other director appointed by Resolution of Directors shall act as Chairman in such absence. Subject to the Act, he or she shall have and may exercise such powers as are, from time to time, assigned to him by the Board of Directors and as may be provided by law or these Articles.

DISTRIBUTIONS

29. Distributions and Dividends

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- 29.1. The Board of Directors may, by Resolution of Directors, authorise a Distribution by the Company to Members at such time and of such an amount and pursuant to such method or methods of payment or other distribution as it thinks fit if it is satisfied, on reasonable grounds, that immediately after the Distribution, the value of the Company's assets exceeds its liabilities and the Company is able to pay its debts as they fall due. The resolution shall include a statement to that effect. Distributions may be paid in cash, in property or in Shares.
- 29.2. The Board of Directors may determine that a Distribution shall be paid wholly or partly by the distribution of specific assets (which may consist of Shares of the Company or securities of any other entity) and may settle all questions concerning such Distribution. Without limiting the generality of the foregoing, the Board of Directors may fix the value of such specific assets, may determine that cash payments shall be made to some Members in lieu of specific assets and may vest any such specific assets in a liquidating or other trust on such terms as the Board of Directors thinks fit.
- 29.3. The Board of Directors may deduct from Distributions payable to any Member any or all monies then due from such Member to the Company.
- 29.4. Notice of any Distribution that may have been authorised shall be given to each Member entitled to the Distribution in accordance with these Articles and all Distributions unclaimed for three years after having been authorised may be forfeited by Resolution of Directors for the benefit of the Company. All Distributions may be invested or otherwise made use of by the Board of Directors for the benefit of the Company pending claim or forfeiture as aforesaid. No Distribution shall bear interest against the Company.
- 29.5. A Member may agree to waive its right to receive a dividend or other Distribution and, if such a waiver has been given to the Company in writing, the Company may retain such dividend or other Distribution for the benefit of the Company or pay such dividend or other Distribution to those Members that have not waived their rights to receive the dividend or other Distribution.
- 29.6. If two or more persons are registered as joint holders of any Shares, any one of such persons may give an effectual receipt for any Distribution payable in respect of such Shares.
- 29.7. If, after a Distribution is authorised and before it is made, the directors cease to be satisfied on reasonable grounds that immediately after the Distribution the value of the Company's assets exceeds its liabilities and the Company is able to pay its debts as they fall due, such Distribution is deemed not to have been authorised. A Distribution made to a Member at a time when, immediately after the Distribution, the value of the Company's assets did not exceed its liabilities and the Company was not able to pay its debts as they fell due, is subject to recovery in accordance with the provisions of the Act.

30. Reserve for Distributions

Before payment of any dividend, there may be set aside out of any funds of the Company available for dividends such sum or sums as the directors from time to time, in their sole discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Company, or for such other purposes as the directors think conducive to the interests of the Company, and the directors may modify or abolish any such reserve in the manner in which it was created.

GENERAL PROVISIONS

31. Checks

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All checks or demands for money and notes of the Company shall be signed by such director, officer or officers or such other person or persons as the Board of Directors or chief executive officer may from time to time designate.

32. Fiscal Year

The fiscal year of the Company shall be the calendar year ending on December 31, or such other annual period as fixed by Resolution of Directors from time to time.

33. Corporate Seal

The Board of Directors shall provide for the safe custody of the Seal. An imprint thereof shall be kept at the office of the registered agent of the Company. The Seal when affixed to any written instrument shall be witnessed by any one director, the Secretary or by any person or persons so authorised from time to time by Resolution of Directors.

DIRECTOR CONFLICTS AND INDEMNIFICATION

34. Indemnification

- 34.1. To the fullest extent permitted by law, the Company is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Company (and any other persons to which the Company is permitted to provide indemnification under applicable law) through provisions in the Memorandum and these Articles, agreements with such directors, officers agents or other persons, vote of disinterested directors or otherwise, subject only to limits created by the Act.
- 34.2. Any amendment, repeal or modification of Article 21.1 or Article 21.3 shall not adversely affect any right or protection of a director, officer, agent, or other person existing at the time of, or increase the liability of any director of the Company with respect to any acts or omissions of such director, officer or agent occurring prior to, such amendment, repeal or modification.
- 34.3. Without prejudice to the foregoing, but subject to Article 21.4, the Company shall indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who:
- (a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director, an officer or a liquidator of the Company; or
 - (b) is or was, at the request of the Company, serving as a director, officer or liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise.
- 34.4. Article 21.3 does not apply to a person referred to in that Article unless the person acted honestly and in good faith and in what he believed to be the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.
- 34.5. The decision of the Board of Directors as to whether the person acted honestly and in good faith and in what he believed to be the best interests of the Company and as to whether the person

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had no reasonable cause to believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of these Articles, unless a question of law is involved.

- 34.6. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a nolle prosequi does not, by itself, create a presumption that the person did not act honestly and in good faith and with a view to the best interests of the Company or that the person had reasonable cause to believe that his or her conduct was unlawful.
- 34.7. If a person referred to in this Article has been successful in defence of any proceedings referred to therein, the person is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the person in connection with the proceedings.
- 34.8. Expenses, including legal fees, incurred by a director (or former director) in defending any legal, administrative or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the director (or former director, as the case may be) to repay the amount if it shall ultimately be determined that the director (or former director, as the case may be) is not entitled to be indemnified by the Company.
- 34.9. The indemnification and advancement of expenses provided by, or granted under, these Articles are not exclusive of any other rights to which the person seeking indemnification or advancement of expenses may be entitled under any agreement, resolution of disinterested directors or otherwise, both as to acting in the person's official capacity and as to acting in another capacity while serving as a director of the Company.
- 34.10. The Company may purchase and maintain insurance in relation to any person who is or was a director, an officer or a liquidator of the Company, or who at the request of the Company is or was serving as a director, an officer or a liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability under Article 21.3. The Company's obligation to provide indemnification under this Article 21 shall be offset to the extent of any other source of indemnification or any otherwise applicable insurance coverage under a policy maintained by the Company or any other person.
- 34.11. The foregoing provisions of this Article 21 shall be deemed to be a contract between the Company and each director or officer who serves in such capacity at any time while this Article is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts.
- 34.12. The Board of Directors in its sole discretion shall have power on behalf of the Company to indemnify any person, other than a director or officer, made a party to any action, suit or proceeding by reason of the fact that he or she, his testator or intestate, is or was an officer or employee of the Company.

35. Conflicts of Interest

- 35.1. Subject to Article 22.2, a director shall, forthwith after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the Company, disclose the interest to the Board of Directors, unless the transaction or proposed transaction (a) is between the

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director and the Company and (b) is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

- 35.2. A disclosure to the Board of Directors to the effect that a director is a member, director, officer, employee or trustee of another named company or other person and is to be regarded as interested in any transaction which may, after the date of the entry or disclosure, be entered into with that company or person or any of its affiliates, is a sufficient disclosure of interest in relation to that transaction.
- 35.3. A transaction entered into by the Company in respect of which a director is interested is voidable by the Company unless the director complies with Article 22.1 or (a) the material facts of the interest of the director in the transaction are known by the Members entitled to vote at a meeting of Members and the transaction is approved or ratified by a Resolution of Members; or (b) the Company received fair value for the transaction.
- 35.4. For the purposes of this Article, but subject to Article 22.2, a disclosure is not made to the Board of Directors unless it is made or brought to the attention of every director on the Board of Directors.
- 35.5. A director who is interested in a transaction entered into or to be entered into by the Company is entitled to vote on a matter relating to the transaction, attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum, consent in writing to the transaction pursuant to Article 12.10 and sign a document on behalf of the Company, or do any other thing in his capacity as director that relates to the transaction.

CORPORATE RECORDS

36. Documents to be Kept

- 36.1. The original books of the Company may be kept (subject to any provision contained in the Act) outside the British Virgin Islands at such place or places as may be designated from time to time by the Board of Directors or in these Articles.
- 36.2. The Company shall keep the following documents at the office of its registered agent:
 - (a) the Memorandum and these Articles;
 - (b) the register of members or a copy of the register of members;
 - (c) the register of directors or a copy of the register of directors;
 - (d) the register of charges or a copy of the register of charges;
 - (e) copies of all notices and other documents filed by the Company in the previous ten (10) years.
- 36.3. Where the Company keeps a copy of its register of Members or register of directors at the office of its registered agent, it shall within fifteen (15) days of any change in the register, notify the registered agent, in writing, of the change, and it shall provide the registered agent with a written record of the physical address of the place or places at which the original register of Members or the original register of directors is kept.
- 36.4. Where the place at which the original register of members or the original register of directors is changed, the Company shall provide the registered agent with the physical address of the new location of the records within fourteen (14) days of the change of location.

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- 36.5. The Company shall keep the following records at the office of its registered agent or at such other place or places, within or outside the British Virgin Islands, as the Board of Directors may determine (a) the minutes of meetings and Resolutions of Members and of classes of Members; and (b) the minutes of meetings and Resolutions of Directors and committees of directors.
- 36.6. Where any of the minutes or resolutions described in the Article 23.5 are kept at a place other than at the office of the Company's registered agent, the Company shall provide the registered agent with a written record of the physical address of the place or places at which the records are kept.
- 36.7. Where the place at which any of the records described in Article 23.5 is changed, the Company shall provide the registered agent with the physical address of the new location of the records within fourteen (14) days of the change of location.
- 36.8. The Company's records shall be kept in written form or either wholly or partly as electronic records.
- 36.9. The Company may have offices at such places both within and without the British Virgin Islands as the Board of Directors may from time to time determine or the business of the Company may require.

ACCOUNTS

37. Books of Account

The Company shall keep records and underlying documentation that:

- (a) are sufficient to show and explain the Company's transactions; and
- (b) will, at any time, enable the financial position of the Company to be determined with reasonable accuracy.

38. Form of Records

- 38.1. The records required to be kept by the Company under the Act, the Mutual Legal Assistance (Tax Matters Act), 2003, the Memorandum or these Articles shall be kept in written form or either wholly or partly as electronic records complying with the requirements of the Electronic Transactions Act (British Virgin Islands).
- 38.2. The records and underlying documentation shall be kept for a period of at least five (5) years from the date of completion of the relevant transaction or the Company terminates the business relationship to which the records and underlying documentation relate.

39. Financial Statements

The Board of Directors may cause to be made out and served on the Members or laid before a meeting of Members a profit and loss account and balance sheet of the Company for such period and on such recurring basis as they think fit.

AUDITS

40. Audit

The Company may by Resolution of Directors call for the accounts to be examined by an auditor.

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41. Appointment of Auditor

- 41.1. The auditor shall be appointed (and may be removed and replaced from time to time) by Resolution of Directors (or committee thereof authorised for such purpose) for such period and on such terms and conditions as the Board of Directors (or committee thereof authorised for such purpose) thinks fit.
- 41.2. The remuneration of the auditor of the Company shall be fixed by the Board of Directors (or committee thereof authorised for such purpose).

VOLUNTARY LIQUIDATION

42. Liquidation

With the prior approval of a Resolution of Directors, the Company may be liquidated in accordance with the Act if (a) it has no liabilities; or (b) it is able to pay its debts as they fall due and the value of its assets equals or exceeds its liabilities. The Board of Directors shall be permitted to pass a Resolution of Directors for the appointment of an eligible individual as a voluntary liquidator (or two or more eligible individuals as joint voluntary liquidators) of the Company if the Members have, by a Special Resolution of Members, approved the liquidation plan in accordance with the Act.

FUNDAMENTAL CHANGES

43. Changes

Notwithstanding section 175 of the Act, the Board of Directors may sell, transfer, lease, exchange or otherwise dispose of the assets of the Company without the sale, transfer, lease, exchange or other disposition being authorised by a Resolution of Members.

44. Continuation under Foreign Law

The Company may with the approval of both a Resolution of Directors and Resolution of Members continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

EXCLUSIVE JURISDICTION

45. Exclusive Jurisdiction

- 45.1. Subject to Article 32.2, to the fullest extent permitted by applicable law:
- (a) each Member hereby agrees that, unless the Board of Directors consents in writing to the selection of an alternative forum, the courts of the British Virgin Islands shall have exclusive jurisdiction to hear and determine all Disputes and, for such purposes, hereby irrevocably submits to the jurisdiction of the courts of the British Virgin Islands; and
 - (b) each Member hereby irrevocably waives any objection which it might now or hereafter have to the courts of the British Virgin Islands being nominated as the forum to hear and determine any such Dispute and undertakes and agrees not to claim any such court is not a convenient or appropriate forum.

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- 45.2. To the fullest extent permitted by applicable law, unless the Board of Directors consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.
- 45.3. Each person who is or who at any time becomes a Member or otherwise acquires any interest in Shares of the Company shall be deemed to have notice of, and to have consented to, the provisions of this Article 32.
- 45.4. For the purposes of this Article 32:
- (a) **"Dispute"** means (i) any dispute, suit, action, proceedings, controversy or claim of any kind arising out of or in connection with the Memorandum and/or these Articles, including, without limitation, claims for set-off and counterclaims and any dispute, suit, action, proceedings, controversy or claim of any kind arising out of or in connection with: (x) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, the Memorandum and/or these Articles; or (y) any non-contractual obligations arising out of or in connection with the Memorandum and/or these Articles; or (ii) any dispute, suit, action (including, without limitation, any derivative action or proceeding brought on behalf or in the name of the Company or any application for permission to bring a derivative action), proceedings, controversy or claim of any kind relating or connected to the Company, the Board, the Company's officers, the Company's management or the Members arising out of or in connection with the Act, the Insolvency Act, 2003 of the British Virgin Islands, any other legislation or common law of the British Virgin Islands affecting any relationship between the Company, its Members and/or its directors and officers (or any of them) or any rights and duties established thereby (including, without limitation, Division 3 of Part VI and Part XI of the Act and section 162(1)(b) of the Insolvency Act, 2003, and any fiduciary or other duties owed by any director, officer or shareholder of the Company to the Company or the Company's shareholders); and
 - (b) **"party"** means (i) the Company, (ii) each Member, (iii) each former Member (with the intention and effect that each former Member shall continue to be bound by this Article 32 notwithstanding that such former Member has transferred all its Shares or otherwise ceased to be a Member); (iv) each director and officer of the Company; (v) each former director and officer (with the intention and effect that each former director and officer shall continue to be bound by this Article 32 notwithstanding that such former Member has ceased to be a director or officer); and (vi) any successor, assignee or other person claiming through a person referred to in (i), (ii), (iii), (iv) or (v) above.

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We, MOSSACK, FONSECA & CO. (B.V.I.) LTD. of P.O. Box 3136, Road Town, Tortola, British Virgin Islands, for the purpose of disapplying Part IV of Schedule 2 of the Act, hereby sign these Articles of Association this 12th day of February, 2016:

Registered Agent

..... Bryan Scatliffe

Authorised Signatory

MOSSACK FONSECA & CO. (B.V.I.) LTD.

SCHEDULE ONE

LOCK-UP RESTRICTIONS

Each Class B Shareholder and each Class C Shareholder shall not, and shall not publicly disclose an intention to, during the Lock-up Period:

- (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Class A Shares, Class B Shares or Class C Shares Beneficially Owned by such Shareholder or any other securities so owned convertible into or exercisable or exchangeable for Class A Shares, Class B Shares or Class C Shares; or
- (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Class A Shares, Class B Shares or Class C Shares Beneficially Owned by such Shareholder,

whether any such transaction described in the preceding clause (1) or (2) above is to be settled by delivery of Class A Shares, Class B Shares, Class C Shares, in cash or otherwise.

Notwithstanding the foregoing, upon a waiver by the representatives of the underwriters of the 180-day restriction on the sale of Shares by the Company set forth in the Underwriting Agreement relating to the IPO, and the approval by the Board of Directors of an offering of Class A Shares by the Company to the public, the Company may permit Class B Shareholders and/or Class C Shareholders to convert a portion of their shares into Class A Shares for sale in such offering.

SCHEDULE TWO

PERMITTED TRANSFERS

46. PERMITTED TRANSFERS DURING THE IPO LOCK-UP PERIOD

46.1. Each Class B Shareholder and Class C Shareholder, or their permitted transferees, shall comply with the Lock-Up Restrictions for the duration of the IPO Lock-Up Period; provided, however, that the following Transfers of Class B Shares and Class C Shares shall be permitted:

- (a) a Transfer which is a bona fide gift;
- (b) a Transfer to a trust or vehicle which has been established for the direct or indirect benefit of such Shareholder or their Connected Persons; provided that any such Transfer shall not involve a disposition for value;
- (c) if such Shareholder is an individual, a Transfer which occurs as a result of the operation of law pursuant to a qualified domestic order or in connection with a divorce settlement, or by testamentary disposition or intestacy;
- (d) a Transfer pursuant to a final, non-appealable order, judgment or decision of any court, arbitrator or other tribunal or any regulatory body having appropriate jurisdiction;
- (e) a Transfer connected to the Shares or other securities (i) acquired from the underwriters in connection with the IPO or (ii) in the open market after completion of the IPO;
- (f) a Transfer occurring after the IPO pursuant to a bona fide third party tender offer, merger, consolidation or other similar transaction made to all holders of the Company's issued Shares which involves a change in ownership of over ninety per cent. (90%) of the Company's issued Shares and which has been approved by way of a Resolution of Directors; provided always that the Lock-Up Restrictions shall continue to apply in the event that such transaction does not proceed to completion;
- (g) if such Shareholder is an entity, Transfers to an Affiliate and Transfers or distributions to another Person that is a partner, member, shareholder or holder of similar equity interests in such entity;
- (h) Transfers facilitating the establishment of a trading plan of a Shareholder, officer or director of the Company pursuant to Rule 10b5-1 under the Exchange Act; and
- (i) a pledge or Transfer upon foreclosure or enforcement of a pledge, to the extent the pledgee was a Shareholder prior to the IPO Date

(collectively, the "**Permitted Transfers**").

46.2. Each transferee of a Permitted Transfer shall be bound by the Lock-Up Restrictions for the duration of the Lock-Up Period.

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47. PERMITTED TRANSFERS DURING THE LIQUIDITY LOCK-UP PERIOD

47.1. Each Class B Shareholder and Class C Shareholder shall comply with the Lock-Up Restrictions for the duration of the Liquidity Lock-Up Period; provided, however, that the following Transfers of Class B Shares and Class C Shares shall be permitted:

- (a) a Permitted Transfer;
- (b) any pledge (or grant of any other security interest in respect) of Class C Shares;
- (c) any pledge (or grant of any other security interest in respect) of Class B Shares;
- (d) any Transfer by a Class C Shareholder of its Class C Shares to another Class C Shareholder; and
- (e) any Transfer pursuant to piggy-back or demand registration rights as described in Schedule Five to the Articles,

(collectively, the “**Additional Permitted Transfers**”).

47.2. Each transferee of a Permitted Transfer shall be bound by the Lock-Up Restrictions for the duration of the IPO Lock-Up Period and for the duration of the Liquidity Lock-Up Period.

47.3. Each Class B Share or Class C Share transferred pursuant to paragraph 2.1(a) of this Schedule Two shall remain a Class B Share or a Class C share, as the case may be. Each Class C Share transferred pursuant to paragraph 2.1(b) of this Schedule Two shall remain a Class C Share, including in the event of a foreclosure (or other enforcement of a security interest). Each Class B Share transferred pursuant to paragraph 2.1(c) of this Schedule Two shall remain a Class B Share; provided that in the event of foreclosure (or other enforcement of a security interest), each foreclosed Class B Share (and Class B Share subject to the enforcement) shall be automatically converted to one (1) Class C Share in accordance with the provisions of Part A of Schedule Three to the Articles. Each Class C Share transferred pursuant to paragraph 2.1(d) of this Schedule Two shall remain outstanding as a Class C Share. Each Class B Share or Class C Share transferred pursuant to paragraph 2.1(e) of this Schedule Two shall, upon completion of such Transfer, be automatically converted to one (1) Class A Share in accordance with the provisions of Schedule Three to the Articles.

SCHEDULE THREE
CONVERSION RIGHTS

PART A

48. CONVERSION OF CLASS B SHARES

48.1. Each Class B Shareholder shall only be permitted:

- (a) to Transfer their Class B Shares during the IPO Lock-Up Period if it is a Permitted Transfer in accordance with paragraph 1 of Schedule Two; and
- (b) to Transfer their Class B Shares during the Liquidity Lock-Up Period if it is a Permitted Transfer or an Additional Permitted Transfer in accordance with paragraph 2 of Schedule Two.

48.2. Subject to paragraph 2.3 of Schedule Two and paragraph 1.5 of this Schedule Three, each Class B Share shall automatically convert into one (1) fully paid and non-assessable Class A Share (and, in certain circumstances expressly specified in paragraph 2.3 of Schedule Two, one (1) fully paid and non-assessable Class C Share) upon:

- (a) any sale or other Transfer, whether or not for value, of any such Class B Share to a Person who is not a Connected Person in respect of the Class B Shareholder or into the public market;
- (b) any Additional Permitted Transfer in circumstances where paragraph 2.3 of Schedule Two requires conversion; or
- (c) the Class B Shares ceasing to constitute at least one per cent. (1%) of the total issued and outstanding Shares of the Company;

in each case without any further action on the part of the Company, any Class B Shareholder or any other party (other than registration by the Transfer Agent).

48.3. For the avoidance of doubt, no Class B Share shall convert as a result of a Permitted Transfer.

48.4. Following the expiry of the Lock-Up Period, each Class B Shareholder may elect at any time to convert any Class B Share of which they are the holder into a fully paid and non-assessable Class A Share by written notice to the Company.

48.5. If the Company shall at any time effect a division, split, combination or consolidation of the outstanding Class A Shares then the Company shall ensure that a corresponding and proportional adjustment is made to the number of Class A Shares into which the Class B Shares are convertible.

PART B

CONVERSION OF CLASS C SHARES

48.6. Each Class C Shareholder shall only be permitted:

- (a) to Transfer their Class C Shares during the IPO Lock-Up Period if it is a Permitted Transfer in accordance with paragraph 1 of Schedule Two; and
- (b) to Transfer their Class C Shares during the Liquidity Lock-Up Period if it is a Permitted Transfer or an Additional Permitted Transfer in accordance with paragraph 2 of Schedule Two.

48.7. Subject to paragraph 1.8 of this Schedule Three, each Class C Share shall automatically convert into one (1) fully paid and non-assessable Class A Share upon:

- (a) any sale or other Transfer, whether or not for value, of any such Class C Share to a Person who is not a Connected Person in respect of the Class C Shareholder or into the public market;
- (b) any Additional Permitted Transfer in circumstances where paragraph 2.3 of Schedule Two requires conversion; or
- (c) the expiry of the Liquidity Lock-Up Period;

in each case without any further action on the part of the Company, any Class C Shareholder or any other party (other than registration by the Transfer Agent).

48.8. If the Company shall at any time effect a division, split, combination or consolidation of the outstanding Class A Shares then the Company shall ensure that a corresponding and proportional adjustment is made to the number of Class A Shares into which the Class C Shares are convertible.

48.9. Notwithstanding the foregoing, Class C Shares may be converted into Class A Shares upon the affirmative vote of holders representing at least 75% of the votes of the Class B Shares and Class C Shares voting as a single class; provided that this elective conversion may not occur prior to 18 months after the IPO Date. Any such vote may take place in writing or at a meeting of the holders of the Class B Shares and the Class C Shares. The conversion shall be effective upon such a vote being adopted without any further action on the part of the Company, any Class B Shareholder, any Class C Shareholder or any other party and the Transfer Agent shall register any such conversion.

48.10. Notwithstanding the foregoing, certain Class C Shares may be converted into Class A Shares upon any sale by holders of Class C Shares who are permitted to sell such shares in the IPO as set forth in the Underwriting Agreement entered into in connection with the IPO and as contemplated by the Registration Statement; provided that such Transfer be approved by the Board of Directors (or any committee thereof). The Company shall undertake any such action as required in order to effect the conversion.

SCHEDULE FOUR
RIGHTS OF PRE-EMPTION

49. DEFINITIONS

In this Schedule Four to the Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

Equity Securities

means any and all shares of the Company, securities of the Company convertible into, or exchangeable and exercisable for, such shares, and options, warrants or other rights to acquire such shares;

New Securities

means Equity Securities of the Company other than Exempted Securities issued after the IPO Date;

Exempted Securities

means:

- (a Equity Securities issued (or to be issued) to employees, consultants, officers or directors of the Company or its subsidiaries, whether pursuant to share options, restricted share units, stock awards, employee share purchases, long-term incentive plans or similar equity-based plans or awards approved by Resolution of Directors;
- (b Equity Securities issued as consideration for any (i) merger, consolidation or other business combination or purchase of assets involving the Company or (ii) recapitalisation, reorganisation, exchange of analogous actions of the Company or any of its subsidiaries;
- (c Equity Securities issued in connection with a division of shares, dividends in specie or distributions, recapitalisation or any similar event approved in accordance with the Memorandum and the Articles; provided, in each case, that the event is pro rata to the

ownership interests of each Shareholder; and
(d Equity Securities issued pursuant to any bona fide
) shareholder rights plan adopted by the Company.

50. PRE-EMPTION RIGHTS OF CLASS B SHARES

- 50.1. Notwithstanding that Section 46 of the Act shall not apply to the Company, the holders of the Class B Shares shall be entitled to subscribe for any New Securities in such proportions as necessary to maintain their proportional ownership and voting interests in the Shares of the Company. Any such New Securities issued to the holders of Class B Shares shall be issued in the form of Class B Shares, unless any holder of Class B Shares elects to receive such New Securities in the form of the class of securities being issued by the Company that gave rise to such right of pre-emption.
- 50.2. Any offer of New Securities shall be made to the holders of the Class B Shares at a price and on such other terms and conditions no less favourable than such New Securities are proposed to be offered to such other persons.

SCHEDULE FIVE
REGISTRATION RIGHTS

This Schedule Five to the Articles shall govern certain registration rights of the Class B Shareholders and Class C Shareholders, as set forth herein and pursuant to the Articles.

51. DEFINITIONS

51.1. Definitions. Capitalized terms used herein and not defined herein shall have the meaning set forth for such terms in the Articles. In addition to the words and terms defined elsewhere in this Schedule Five, the following terms and phrases shall, for purposes of this Schedule Five, have the meanings set forth below:

“Adverse Disclosure” means public disclosure of material non-public information, disclosure of which, in the good faith judgment of the Board of Directors, after consultation with outside legal counsel, (i) would be required to be made in any Registration Statement filed by the Company so that such Registration Statement would not be false or misleading in any material respect, (ii) would not be required to be made at such time but for the filing or publication of such Registration Statement, and (iii) the Company has a *bona fide* business purpose for not disclosing publicly.

“Applicable Securities Laws” means all Laws of any Governmental Entity applicable to the offer, issuance, registration and regulation of the Registrable Securities.

“Company Sale” has the meaning set forth in Section 2.2.

“Cutback Event” has the meaning set forth in Section 2.3(a).

“Demand Notice” has the meaning set forth in Section 2.1(b).

“Demand Registration” has the meaning set forth in Section 2.1(a).

“Demand Registration Statement” has the meaning set forth in Section 2.1(a).

“Demand Request” has the meaning set forth in Section 2.1(a).

“Demand Suspension” has the meaning set forth in Section 2.1(c).

“Holdback” has the meaning set forth in Section 2.6(c).

“Holder” means each Class B Shareholder or Class C Shareholder.

“Laws” means: (i) any statute, decree, constitution, official rule, regulation, ordinance, code, requirement, order, judgment, decree, directive or other binding action of or by any Governmental Entity; (ii) any treaty, pact, compact or other agreement to which any Governmental Entity is a signatory or party; (iii) any legally binding judicial or administrative interpretation of application of any Law described in (i) or (ii) above; and (iv) any amendment or revision of any Law described in (i), (ii) or (iii) above.

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“Piggyback Registration” has the meaning set forth in Section 2.2.

“Preceding Registration Statement” has the meaning set forth in Section 2.4.

“Prospectus” means the prospectus included in any Registration Statement, including any preliminary prospectus, all amendments and supplements to such prospectus, including post-effective amendments, all related stock exchange listing materials and all other material incorporated by reference in such prospectus.

“Registrable Securities” means: (i) Class B Shares and Class C Shares, (ii) securities of the Company convertible into, or exchangeable or exercisable for, Class B Shares or Class C Shares, and (iii) any other securities issued or issuable with respect to, on account of or in exchange for, Registrable Securities or any securities into which Registrable Securities are converted, in each case, whether by stock split, stock dividend, recapitalization, merger, charter amendment or otherwise; provided that any Registrable Securities shall cease to be Registrable Securities to the extent (A) a Registration Statement with respect to the sale of such Registrable Securities has been declared effective under the Securities Act or declared effective or approved and published, as applicable, under the applicable Law of the relevant jurisdiction and such Registrable Securities have been disposed of in accordance with the plan of distribution set forth in such Registration Statement or Prospectus, in each case in accordance with applicable laws, (B) such Registrable Securities have been sold pursuant to Rule 144 (or any similar provisions then in force) under the Securities Act or any other exemption from registration under applicable Law, (C) such Registrable Securities shall have been otherwise sold or transferred and, if applicable, new certificates for them not bearing a legend restricting transfer shall have been delivered by the Company and such securities may be publicly resold without registration or qualification under the Securities Act or any similar law then in force or under the applicable Law of the relevant jurisdiction, or (D) such securities have been sold to, or through, a broker, dealer or underwriter in a public distribution or other public securities transaction.

“Registration Expenses” has the meaning set forth in Section 2.7.

“Registration Statement” means any registration statement of the Company filed with, or to be filed with the SEC under the rules and regulations promulgated under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits and all materials incorporated by reference in such registration statement.

“Selling Shareholders” means the Persons whose Registrable Securities are included in a registration pursuant to this Schedule Five.

“Underwritten Offering” means an offering in which Registrable Securities of the Company are sold to an underwriter or underwriters for reoffering to the public or in which an underwriter or underwriters commit to acquire such securities if and to the extent they are not acquired by third parties.

52. REGISTRATION RIGHTS

52.1. Demand Registration.

- (a) For the duration of the Liquidity Lock-Up Period set forth in Schedule Two to the Articles, and subject to a limit of an aggregate of no more than two registrations per year, each Holder shall have the right to require the Company to effect the registration or listing of all or a portion of the Registrable Securities held by such Holder (a "Demand Request") in a public offering (a "Demand Registration"); provided that any Holder or group of Holders making such request shall propose to register Registrable Securities with an aggregate price to the public, based upon the market price of Class A Shares, of not less than US\$100,000,000 or, if such Holder or group of Holders making the demand propose to register less than such amount, additional Holders shall propose to join such registration such that the total amount of Registrable Securities shall have an aggregate price to the public, based upon the market price of Class A Shares, of not less than US\$100,000,000. Each Demand Request shall specify the number of Registrable Securities to be registered. The Company shall file as expeditiously as reasonably possible a Registration Statement relating to such Demand Registration (a "Demand Registration Statement") and shall use its reasonable best efforts to effect such registration under applicable Law in the form of an Underwritten Offering.
- (b) Promptly upon receipt of any request for a Demand Registration pursuant to Section 2.1(a) (but in no event more than 10 business days thereafter), the Company shall deliver a written notice of any such registration request specifying the number of Registrable Securities requested to be registered and the intended method of distribution of the Registrable Securities (a "Demand Notice") to all other Holders of Registrable Securities.
- (c) If the filing, initial effectiveness, publication or continued use of a Demand Registration Statement at any time would require the Company to make an Adverse Disclosure or to utilize financial statements that in the opinion of the independent public accountants of the Company do not comply with applicable Law, the Company may, upon giving prompt written notice of such action to the Holders of Registrable Securities proposed to be covered by such Demand Registration Statement, delay the filing, publication or initial effectiveness of, or suspend use of, the Demand Registration Statement (a "Demand Suspension"); provided that in the case of an Adverse Disclosure such Demand Suspensions shall not extend for more than 90 days in any 12-month period. In the case of a Demand Suspension, the Holders of Registrable Securities proposed to be covered by such Demand Registration Statement agree to suspend use of the applicable Prospectus in connection with any sale or purchase, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately (i) notify the Holders of Registrable Securities proposed to be covered by such Demand Registration Statement upon the termination of any Demand Suspension, (ii) amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission therein, and (iii) furnish to such Holders such numbers of copies of the Prospectus as so amended or supplemented as such Holders may reasonably request.
- (d) The Company shall have the right to select the underwriter or underwriters to administer any Demand Registration.

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- 52.2. Piggyback Registration. For the duration of the Liquidity Lock-Up Period set forth in Schedule Two to the Articles, and subject to a limit of an aggregate of no more than two registrations per year, if the Company at any time proposes to file or publish a Registration Statement with respect to any offering of its securities for its own account or for the account of any other Persons (other than a Registration Statement (x) on Form S-4, F-4 or S-8 or any similar or successor form to such forms or (y) filed in connection with any business combination or acquisition involving the Company (such registration, a "Company Sale")), then, as soon as practicable (but in no event less than 15 business days prior to the proposed date of filing or publishing, as the case may be, of such Registration Statement), the Company shall give written notice of such proposed filing to all Holders and such notice shall offer the Holders the opportunity, subject to Section 2.3, to register under such Registration Statement such number of Registrable Securities as each such Holder or group of Holders may request in writing (a "Piggyback Registration"); provided that any such Piggyback Registration shall have an aggregate price to the public, based upon the market price of Class A Shares, of not less than US\$100,000,000 or, if such Holder or group of Holders making the request propose to register less than such amount, additional Holders shall propose to join such registration such that the total amount of Registrable Securities shall have an aggregate price to the public, based upon the market price of Class A Shares, of not less than US\$100,000,000. Pursuant and subject to Section 2.3, the Company shall include in such Registration Statement all such Registrable Securities which are requested to be included therein within 10 days after the receipt by such Holder of any such notice; including, if necessary, filing with the SEC an amendment or a supplement to such Registration Statement or the related Prospectus or any document incorporated therein by reference or filing any other required document or otherwise supplementing or amending such Registration Statement, if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Registration Statement or by the Securities Act, any Applicable Securities Laws, any state securities or blue sky laws, or any rules and regulations thereunder; provided that if at any time after giving written notice of its intention to register any Registrable Securities of the Company and prior to the effective date of the Registration Statement filed in connection with such registration, the Company shall determine for any reason not to register or to delay registration of all such Registrable Securities, the Company may, at its election, give written notice of such determination to each Holder and, thereupon, (i) in the case of a determination not to register all such Registrable Securities, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the Registration Expenses in connection therewith) and (ii) in the case of a determination to delay registering all such Registrable Securities, shall be permitted to delay registering such Registrable Securities. If the offering pursuant to such Registration Statement is to be an Underwritten Offering, then each Holder making a request for a Piggyback Registration pursuant to this Section 2.2 must, and the Company shall make such arrangements with the underwriters so that each such Holder may, participate, subject to Section 2.3, in such Underwritten Offering. If the offering pursuant to such Registration Statement is to be on any other basis, then each Holder making a request for a Piggyback Registration pursuant to this Section 2.2 must, and the Company will make such arrangements so that each such Holder may, participate, subject to Section 2.3, in such offering on such basis. Each Holder shall be permitted to withdraw all or part of such Holder's Registrable Securities from a Piggyback Registration at any time prior to the effective date thereof.

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52.3. Priority on Registrations

- (a) Notwithstanding anything to the contrary in this Schedule Five, if the managing underwriter(s) of a registered offering of Registrable Securities advise(s) the Company that in its (their) reasonable opinion the number of Registrable Securities requested to be included in any registration pursuant to this Article 2 exceeds the number which can be sold without adversely affecting the price, timing or distribution of the Registrable Securities offered or on the marketability or probability of success of such offering (including an adverse effect on the per share offering price) (a "Cutback Event"), the Company will include in such registration or prospectus only such number of Registrable Securities of the Holders that in the reasonable opinion of such managing underwriter(s) can be sold without causing a Cutback Event, which Registrable Securities will be allocated as follows:
- (i) for a registration pursuant to Section 2.1, Registrable Securities proposed to be registered by the Company and Registrable Securities proposed to be offered by Holders, *pro rata* on the basis of their respective ownership interest in the Company at the time of the offering; and
 - (ii) for Piggyback Registrations pursuant to Section 2.2, first, Registrable Securities proposed to be registered by the Company; second, Registrable Securities of Holders who have requested registration of their Registrable Securities pursuant to Section 2.2, *pro rata* on the basis of their respective ownership interest in the Company at the time of the offering; and third, any Registrable Securities proposed to be registered by any other Person.

- 52.4. **Black-out Periods.** The Company shall not be obligated to file any Registration Statement during the period (A) commencing with the date on which either (1) the Company previously received a request to file a Registration Statement pursuant to Section 2.1 or (2) the Company, pursuant to Section 2.2, previously or simultaneously notified the Holders of its intention to file a Registration Statement (in either case, such Registration Statement being hereinafter referred to as the "Preceding Registration Statement") and (B) ending with the earliest of (1) if such Preceding Registration Statement has been filed but has not become effective, 180 days following the filing of such Preceding Registration Statement, (2) if such Preceding Registration Statement has not been filed, 270 days after notification of intention to file, (3) if such Preceding Registration Statement has become effective, 180 days after such Preceding Registration Statement has become effective (subject to any period after such Preceding Registration Statement becomes effective, which the managing Underwriter has designated as the minimum period during which the Company and the Holders shall not engage in any new registered offerings) and (4) the date of abandonment by the Company of its intention to file such Preceding Registration Statement or the date of withdrawal of a Demand Request under Section 2.1.

52.5. Registration Procedures.

- (a) In the event that a Holder requests that its Registrable Securities be registered pursuant to this Article 2, the Company will use its reasonable best efforts to effect the registration to permit the

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sale of such Registrable Securities in accordance with the intended method of disposition thereof as expeditiously as reasonably practicable, and in connection therewith the Company will:

- (i) prepare and file with the SEC a Registration Statement with respect to such Registrable Securities and use its reasonable best efforts to cause such Registration Statement to become effective as soon as practicable thereafter; and before filing a Registration Statement or prospectus or any amendments or supplements thereto, furnish to the Selling Shareholders and the underwriter or underwriters, if any, copies of all such documents proposed to be filed, including documents incorporated by reference in the Prospectus and, if requested by the Selling Shareholders, the Selling Shareholders (and the underwriter(s), if any) shall have a reasonable opportunity to review and comment thereon;
- (ii) prepare and file with the SEC such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be required to keep such Registration Statement effective for a period of not less than 120 days, or such shorter period as is necessary to complete the distribution of the securities covered by such Registration Statement and comply with the provisions of Applicable Securities Law with respect to the disposition of all securities covered by such Registration Statement during such period in accordance with the intended methods of disposition by the Selling Shareholders set forth in such Registration Statement;
- (iii) furnish to the Selling Shareholders such number of copies of such Registration Statement, each amendment and supplement thereto, the Prospectus included in such Registration Statement (including each preliminary prospectus) and such other documents as any underwriter(s) or Selling Shareholder may reasonably request in order to facilitate the disposition of the Registrable Securities;
- (iv) use its reasonable best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as any underwriter(s) or Selling Shareholder reasonably requests and do any and all other acts and things that may be reasonably necessary or advisable to enable any Selling Shareholders and any underwriter(s) to consummate the disposition in such jurisdictions of the Registrable Securities; provided that the Company will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject;
- (v) use its reasonable best efforts to prevent the occurrence of any event that would cause a Registration Statement to contain a material misstatement or omission or to be not effective and usable for resale of the Registrable Securities registered pursuant thereto (during the period that such Registration Statement is required to be effective as provided under Section 2.5(a)(ii));

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- (vi) in the case of an Underwritten Offering, (A) enter into such agreements (including underwriting agreements in customary form) as are customary in an Underwritten Offering and all of the representations and warranties by, and the other agreements on the part of, the Company in the underwriting agreement and other agreements to and for the benefit of such underwriters, shall also be made for the benefit of the Selling Shareholders for the limited purpose of their participation in such offering, (B) take all such other actions as the underwriter(s) reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including, without limitation, using best efforts to cause senior management and other Company personnel to cooperate with the Selling Shareholders and the underwriter(s) in connection with performing due diligence) and (C) use its reasonable best efforts to cause its counsel to issue opinions of counsel in form, substance and scope as are customary in primary Underwritten Offerings, addressed and delivered to the underwriter(s);
- (vii) cause each Registration Statement and the related Prospectus and any amendment or supplement thereto, as of the effective date of such Registration Statement, amendment or supplement (x) to comply in all material respects with any requirements of the Applicable Securities Laws and (y) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;
- (viii) use its reasonable best efforts to cause all such Registrable Securities to be listed on each securities exchange or automated quotation system on which the equity securities of the Company are then listed, if any;
- (ix) provide a transfer agent and registrar for all Registrable Securities not later than the effective date of such Registration Statement;
- (x) if requested, use its reasonable best efforts to cause to be delivered, immediately prior to the pricing of any Underwritten Offering, immediately prior to the effectiveness of each Registration Statement (and, in the case of an Underwritten Offering, at the time of closing of the sale of the Registrable Securities pursuant thereto), letters from the Company's independent registered public accountants addressed to each underwriter, if any, stating that such accountants are independent public accountants within the meaning of the Securities Act (and the applicable rules and regulations adopted by the SEC thereunder) or other Applicable Securities Laws, rule or regulation, and otherwise in customary form and covering such financial and accounting matters as are customarily covered by letters of the independent registered public accountants delivered in connection with primary underwritten public offerings; and
- (xi) promptly notify the Selling Shareholders and the underwriter(s) of the following events, if any:

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(A) when the Registration Statement, any pre-effective amendment, the Prospectus or any Prospectus supplement or post-effective amendment to the Registration Statement has been filed with the SEC and, with respect to the Registration Statement or any post-effective amendment, when the same has become effective;

(B) of any written request by the SEC for amendments or supplements to the Registration Statement or Prospectus;

(C) of the notification to the Company by the SEC of its initiation of any proceeding with respect to the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement;

(D) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the Applicable Securities Laws of any jurisdiction; and

(E) of any event that requires the making of any changes in any Registration Statement or the Prospectus included therein in order that the statements therein are not misleading and do not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (at the request of any Selling Shareholders or any underwriter(s), the Company shall prepare a supplement or amendment to such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus shall not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading).

- (b) Each Holder agrees that, upon receipt of any notice from the Company pursuant to Section 2.5(a)(xi)(B) through (a)(xi)(E), such Holder will discontinue disposition of any Registrable Securities until such Holder's receipt of copies of a supplemental or amended Prospectus or until advised in writing (the "Advice") by the Company and its outside legal counsel that the use of the applicable Prospectus may be resumed. In the event the Company shall give any such notice, the period during which the applicable Registration Statement is required to be maintained effective shall be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement either receives the copies of the supplemented or amended Prospectus or receives Advice.

52.6. Underwritten Offerings.

- (a) If requested by the underwriters for any Underwritten Offering, the Company shall enter into an underwriting agreement with such underwriters for such offering, such agreement to be reasonably satisfactory in substance and form to the Company and the underwriters. Such agreement shall contain such representations and warranties by the Company and such other terms as are generally customary and prevailing in agreements of that type, including, without limitation, indemnities generally to the effect and to the extent of those provided in Section 2.8. The Holders of any Registrable Securities to be included in any Underwritten Offering by such underwriters shall enter into such underwriting agreement at the request of the underwriters. The Company will use its commercially reasonable efforts to ensure that no underwriter shall require any Holder to make any representations or warranties to or agreements with the Company or

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the underwriters other than representations, warranties or agreements regarding such Holder and such Holder's intended method of distribution and any other representations required by law, and if, despite the Company's commercially reasonable efforts, an underwriter requires any Holder to make additional representations or warranties to, or agreements with, such underwriter, such Holder may elect not to participate in such Underwritten Offering (but shall not have any claims against the Company as a result of such election). Any liability of such Holder to any underwriter or other person under such underwriting agreement shall be limited to an amount equal to the proceeds (net of expenses and underwriting discounts and commissions) that it derives from such registration.

- (b) No Person may participate in any Underwritten Offering hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Persons entitled to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.
- (c) Each Holder agrees, if so required by the managing underwriter of any underwritten registration pursuant to Section 2.1 or 2.2, that it will agree to Holdbacks to the extent that (A) such Holdbacks apply to the Company and Selling Shareholders on equal or more restrictive terms and (B) such Holdbacks are limited to no more than 90 days after the Registration Statement for such Underwritten Offering has become effective. For the purpose of this Schedule Five, to "Holdback" is to refrain from selling, making any short sale of, loaning, granting any option for the purchase of, effecting any public sale or distribution of or otherwise disposing of any equity securities of the Company, except as part of such underwritten registration, whether or not such Holder participates in such registration. Each Holder agrees that the Company may instruct its transfer agent to place stop transfer notations in its records to enforce such Holdbacks. The Company agrees (A) if so required by the managing underwriter, that it would be subject to the same Holdbacks as the holders of Registrable Securities, except pursuant to registrations on Form F-4, S-4, S-8 or any successor or similar forms thereto, and (B) to cause each holder of its securities or any securities convertible into or exchangeable or exercisable for any of such securities, in each case purchased from the Company at any time after the date of the Articles (other than in a public offering) to agree to such Holdbacks. Any discretionary waiver or termination of the Holdback by the Company or the managing underwriter shall apply to all Holders on a *pro rata* basis. Notwithstanding anything to the contrary set forth in this Schedule Five, nothing herein shall prevent any Holder that is a partnership, limited liability company or corporation from transferring Registrable Securities to an Affiliate of such Holder; provided that each such transferee agrees in writing to become subject to the terms of this Schedule Five and agrees to be bound by the Holdback.

52.7. Expenses.

- (a) All expenses incurred in connection with each Demand Registration or a Piggyback Registration pursuant to, and incident to the Company's performance of or compliance with, this Article 2, including, without limitation, (i) all registration and filing fees, (ii) fees and expenses of compliance with securities or blue sky laws, (iii) listing application fees, printing expenses, transfer agent's

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and registrar's fees, cost of distributing prospectuses in preliminary and final form as well as any supplements thereto and (iv) fees and disbursements of counsel for the Company and all accountants and other Persons retained by the Company and the fees and disbursements of one (1) counsel for all Selling Shareholders with Registrable Securities included in such registration (all such expenses being herein called "Registration Expenses"), shall be borne by the Company. All underwriting discounts or commissions or transfer taxes, if any, attributable to the sale of Registrable Securities shall be borne ratably by all Selling Shareholders in proportion to the number of their respective Registrable Securities that are included in such registration. The Company shall pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit or quarterly review, the expense of any liability insurance and the expenses and fees for listing the securities on the exchange or automated quotation system on which they are listed.

- (b) The obligation of the Company to bear the Registration Expenses described in Section 2.7(a) shall apply irrespective of whether a registration, once properly demanded, if applicable, becomes effective, is withdrawn or suspended, is converted to another form of registration and irrespective of when any of the foregoing shall occur.

52.8. Indemnification.

- (a) The Company shall indemnify and hold harmless, to the fullest extent permitted by Law, each Selling Shareholder and each underwriter and each of their respective officers, directors, employees and Affiliates and each Person who controls such Selling Shareholder and each such underwriter (within the meaning of the Securities Act) against any losses, claims, damages, liabilities, joint or several, or actions or proceedings, whether commenced or threatened, in respect thereof, and expenses arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus or preliminary Prospectus or any amendment or supplement thereto or in any application, or (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading or (iii) any violation or alleged violation by the Company of Applicable Securities Laws, except insofar as the same are made in reliance and in conformity with written information prepared and furnished to the Company by such Selling Shareholder or such underwriter, as the case may be, expressly for use therein. In addition, the Company will reimburse such Selling Shareholder and each such director, officer, shareholder, underwriter and controlling Person of such Selling Shareholder for any legal or any other expenses actually and reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, liability, action or proceeding.
- (b) In connection with any Registration Statement that includes Registrable Securities owned by any Selling Shareholder, such Selling Shareholder will furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such Registration Statement or Prospectus and will indemnify and hold harmless the Company, severally and not jointly, its directors and officers, each underwriter and each other Person who controls the Company (within the meaning of the Securities Act) and each such underwriter

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against any losses, claims, damages or liabilities, to which the Company or any such director or officer, any such underwriter or controlling Person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon (i) any untrue or alleged untrue statement of material fact contained in the Registration Statement, Prospectus or preliminary Prospectus or any amendment or supplement thereto or in any application, or (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is made in such Registration Statement, any such Prospectus or preliminary Prospectus or any amendment or supplement thereto, or in any application, in reliance upon and in conformity with written information prepared and furnished to the Company by such Selling Shareholder expressly for use therein, and such Selling Shareholder will reimburse the Company and each such director, officer, shareholder, underwriter and controlling Person for any legal or any other expenses actually and reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, liability, action or proceeding; provided that the obligation to indemnify and hold harmless will be limited to the net amount of proceeds received by such Selling Shareholder from the sale of Registrable Securities pursuant to such Registration Statement.

- (c) Any person entitled to indemnification pursuant to this Schedule Five shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice shall not impair any person's right to indemnification pursuant to this Schedule Five to the extent such failure has not materially prejudiced the indemnifying party) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party shall not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent shall not be unreasonably withheld). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one (1) counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim. No indemnifying party shall, without the consent of the indemnified party, consent to the entry of any judgment or enter into any settlement (x) which cannot be settled in all respects by the payment of money (and provided that such money is so paid by the indemnifying party pursuant to the terms of such settlement) or (y) which includes a statement or admission of fault or culpability on the part of such indemnified party or does not include as an unconditional term thereof, the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.
- (d) The provisions of this Section 2.8 shall survive the transfer of securities and any termination of this Schedule Five.

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- (e) If the indemnification provided for in or pursuant to this Section 2.8 is due in accordance with the terms hereof, but is held by a court to be unavailable or unenforceable in respect of any losses, claims, damages, liabilities or expenses referred to herein, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified Person as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and of the indemnified party, on the other hand, in connection with the statements or omissions that result in such losses, claims, damages, liabilities or expenses as well as any other relevant equitable considerations. The relative fault of the indemnifying party, on the one hand, and of the indemnified Person, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party, and by such party's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. In no event shall the liability of a Selling Shareholder be greater in amount than the amount of net proceeds received by such Selling Shareholder upon such sale.
- (f) The remedies provided for in this Section 2.8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

52.9. Rule 144. To the extent the Registrable Securities are registered under the Securities Act, the Company shall file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder, and it shall take such further action as any Holder may reasonably request to make available adequate current public information with respect to the Company meeting the current public information requirements of Rule 144(c) under the Securities Act, to the extent required to enable the Holders to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (i) Rules 144 and 144A under the Securities Act, as such rules may be amended from time to time, or (ii) any similar rule or regulation adopted by the SEC.

52.10. Termination of Registration Rights. The rights of a Holder under this Article 2 will terminate at such time as all of the Registrable Securities held by such Holder have been sold in a public offering or may be sold by such Holder to the public on any market on which such Registrable Securities are traded without any restriction as to volume. The provisions of Section 2.8 shall survive any termination of this Schedule Five.

53. MISCELLANEOUS

53.1. Notices. Any notice, request, claim, demand, waiver, instruction or other communication required or permitted to be given under this Schedule Five by a party shall be in writing (in English) and shall be deemed given: (a) on the date established by the sender as having been delivered personally, (b) on the date delivered by an internationally recognized private courier as established by the sender by evidence obtained from the courier, (c) on the date sent by electronic mail, with confirmation of receipt, if sent prior to 5:00 p.m. (Eastern time), or if sent later, then on the next business day; provided that no undeliverable message is received by the sender, or (d) on the fifth business day after the date mailed, by certified or registered mail, return receipt

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requested, postage prepaid. Such communications, to be valid, must be addressed to such address or to the attention of such Person or Persons as the recipient party has specified by prior written notice to the sending party (or in the case of counsel, to such other readily ascertainable business address as such counsel may hereafter maintain).

- 53.2. No Third Party Beneficiaries. This Schedule Five is solely for the benefit of the Holders and their respective successors and permitted assigns, and nothing in this Schedule Five, express or implied, is intended to or will confer on any other Person any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Schedule Five.

Description of Securities Registered under Section 12(b) of the Exchange Act

As of February 8, 2024, BBB Foods Inc. (the “Company,” “we,” “us” or “our”) had one class of securities registered under Section 12(b) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), – Class A common shares with no par value.

The following is a summary of the terms of our shares, certain provisions of the BVI Business Companies Act, 2004 (as amended from time to time, the “BVI Act”) and certain provisions of our memorandum and articles of association, which are qualified in their entirety by reference to the BVI Act and our memorandum and articles of association, and they are available upon request. We have filed our memorandum and articles of association as Exhibit 1.1 to our annual report on Form 20-F filed on April 30, 2024.

General

We are a British Virgin Islands (“BVI”) business company incorporated with limited liability and our affairs are governed by the provisions of our memorandum and articles of association, as amended and restated from time to time, and by the provisions of applicable BVI law, including the BVI Act.

We have three classes of common shares: Class A common shares with no par value, Class B common shares with no par value and Class C common shares with no par value. Our Class A common shares are registered under Section 12(b) of the Exchange Act and are listed on the New York Stock Exchange under the symbol “TBBB.”

The Company is authorized to issue an unlimited number of Class A common shares, Class B common shares and Class C common shares and shares may be issued in one or more series of shares as the board of directors may determine from time to time.

Our company number in the BVI is 605635. As provided in paragraph 4 of our memorandum of association, subject to BVI law, we have full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and, for such purposes, full rights, powers and privileges. Our registered office is Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110 and our registered agent is Conyers Trust Company (BVI) Limited of Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110.

The transfer agent and registrar for our common shares is Computershare Trust Company, N.A., which maintains the register of members of the Company in New York, New York. The shares of the Company are held in uncertificated (book-entry) form and no shareholder has the right to require issuance or provision to it at any time of any share certificate.

The following is a summary of the material provisions of our share capital and our memorandum and articles of association. This discussion does not purport to be complete and is qualified in its entirety by reference to our memorandum and articles of association.

Class A Common Shares

The following summarizes the rights of holders of our Class A common shares. Each Class A common share confers on the holder:

- (a) the right to one vote at a meeting per share on all matters to be voted on by shareholders generally, including the election of directors;
- (b) the right to vote together with holders of Class B common shares and Class C common shares as a single class, subject to certain exceptions;
- (c) no cumulative voting rights;
- (d) the right to an equal share in any dividend paid by the Company and payable in respect of our common shares and as may be declared from time to time by our board of directors out of funds legally available for that purpose, if any, and pursuant to our memorandum and articles of association, all dividends unclaimed for three years after having been declared may be forfeited by a resolution of directors for the benefit of the Company; and
- (e) upon our liquidation, dissolution or winding up, the right to an equal share in the distribution of all our assets remaining available for distribution after satisfaction of all our liabilities.

Preferred Shares

Our board of directors may resolve to amend our memorandum and articles of association to authorize the issuance by the Company of one or more classes of preferred shares and may determine the rights, privileges, restrictions and conditions attaching to each such class of preferred shares (which may be more favourable than those attaching to the common shares), as the board of directors may determine in its sole and absolute discretion, including without limitation:

- the number of shares constituting the additional class of preferred shares;
 - the dividend and other distribution rights of the class of preferred shares (which may be payable in preference to, or in relation to, the dividends payable on our common shares or any other class or classes of shares);
 - whether the class of preferred shares shall have voting rights and, if so, whether they shall vote separately or together as a single class with the common shares and/or any other class of shares;
 - whether the class of preferred shares shall have conversion and/or exchange rights and privileges and, if so, the terms and conditions of such conversion and/or exchange;
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- whether the class of preferred shares shall impose conditions and restrictions upon the business and affairs of the Company and/or any of its subsidiaries or the right to approve and/or veto certain matters and/or to appoint and/or remove one or more directors of the Company; and
- the rights of the preferred shares in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, including, without limitation, any liquidation preference and whether such rights shall be in preference to, or in relation to, the comparable rights of the common shares or any other class or classes of shares.

Limitation on Liability and Indemnification Matters

Under BVI law, each of our directors, in exercising their powers or performing his or her duties, is required to act honestly and in good faith and in what the director believes to be in our best interests, is required to exercise his or her powers as a director for a proper purpose, may not act, or agree to act, in a manner that contravenes the BVI Act or our memorandum or articles of association, and is required to exercise the care, diligence and skill that a reasonable director would exercise in the same circumstances (taking into account, but without limitation, the nature of the Company; the nature of the decision; and the position of the director and the nature of the responsibilities undertaken by him or her).

The Company's memorandum and articles of association provide that the Company shall indemnify any of the Company's directors, officers or anyone serving at the Company's request as a director or officer of another entity against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceeding or suits; *provided* that such indemnification shall not apply unless the person claiming such indemnification acted honestly and in good faith and in what he or she believed to be the best interests of the Company and, in the case of criminal proceedings, the person had no reasonable cause to believe that his or her conduct was unlawful. The Company may pay any expenses, including legal fees, incurred by any such person in defending any legal, administrative or investigative proceedings in advance of the final disposition of the proceedings. If a person to be indemnified has been successful in defense of any proceedings referred to above, the director or officer is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the director or officer in connection with the proceedings.

The Company may purchase and maintain insurance in relation to any of the Company's directors or officers against any liability asserted against the directors or officers and incurred by the directors or officers in that capacity, whether or not the Company has or would have had the power to indemnify the directors or officers against the liability as provided in the Company's memorandum and articles of association.

Insofar as indemnification for liabilities arising under the U.S. Securities Act of 1933, as amended (the "Securities Act"), may be permitted to our directors, officers or controlling persons pursuant to the foregoing provisions, we have been informed that in the opinion of the U.S. Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable as a matter of United States law.

Shareholders' Meetings and Consents

The following summarizes certain relevant provisions of the BVI laws and our memorandum and articles of association in relation to our shareholders' meetings:

- our memorandum and articles of association contemplate two types of shareholders' meetings, namely: (i) an annual meeting of shareholders (each an "annual meeting"); and (ii) any meeting of shareholders which is not an annual meeting (each a "special meeting");
 - only the board of directors may convene an annual meeting. The first annual meeting following the effectiveness of our Registration Statement on Form F-1 (File No. 333-276589) shall take place on a date to be determined by the board of directors which shall not be later than April 2025 (or such other date determined by resolution of directors and notified to the shareholders), and thereafter an annual meeting shall be held in each calendar year. All annual meetings shall be held at such date, time and place, either within or outside the BVI, and may be held virtually, as shall be determined from time to time by the board of directors. The business of an annual meeting shall be the election and re-election of directors for those board seats whose terms expire at such meeting and any other items of business proposed by the board of directors and/or otherwise duly proposed by eligible shareholders in accordance with our memorandum and articles of association;
 - special meetings may be called: (i) by the Chief Executive Officer; (ii) the Chairman of the board of directors; (iii) any three directors upon notice to each director; or (iv) the shareholders entitled to exercise at least 30% of the outstanding voting rights in respect of the matter for which the meeting is requested. Upon receipt of a requisition notice, the board of directors shall convene the requested special meeting for a date not later than 90 days after the date of receipt of the requisition notice, provided such notice is compliant with the various restrictions, conditions and provision of information and other procedural requirements set out in our memorandum and articles of association. A special meeting may be held at such date, time and place, within or outside the BVI, as shall be stated in the notice of the meeting;
 - director elections and re-elections by shareholders may occur only at annual meetings (not special meetings) and then only in respect of those board seats whose terms expire at such meeting. Nominations of persons for election or re-election as directors of the Company at an annual meeting may only be made by (i) the board of directors; or (ii) any shareholder (or shareholders collectively) holding not less than 5% of the voting rights that may be exercised at the annual meeting entitled to attend and vote at such meeting, provided the various restrictions, conditions and provision of information and other procedural requirements set out in our memorandum and articles of association have been met by the nominating shareholders. The board of directors will also retain discretion to veto inappropriate candidates nominated by shareholders for election as a director in certain
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enumerated circumstances, including (a) where the candidate is not qualified, does not have the necessary experience, has a conflict of interest or is otherwise unsuitable or unfit for office; and (b) where an appointment may give rise to a material risk that the Company's (and/or its subsidiaries' respective) brands, businesses, reputation and/or commercial relationships would be adversely affected; or would result in the Company not having the required number of independent directors for its audit committee; or would result in the Company losing its "foreign private issuer" status;

- written notice of any shareholder meeting shall be given to each shareholder entitled to vote at such meeting and each director not fewer than 10 nor more than 120 days before the date of the meeting. The inadvertent failure or accidental omission to give notice of a meeting to, or the non- receipt of a notice of a meeting by, any person entitled to receive notice shall not invalidate the shareholder meeting or the proceedings at that meeting. A meeting of shareholders held in contravention of such notice requirements is valid if shareholders holding at least 90% of the total voting rights on all the matters to be considered at the meeting have waived notice of the meeting and, for this purpose, the presence of a shareholder at the meeting shall be deemed to constitute waiver on his or her part;
 - a shareholder may be represented at a meeting of shareholders by a proxy (who does not need to be a shareholder) who may speak and vote on behalf of the shareholder;
 - a meeting of shareholders is duly constituted and quorate if, at the commencement of the meeting, there are present in person or by proxy holders of not less than 30% of the votes of the shares entitled to vote on the resolutions to be considered at the meeting;
 - if within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved; in any other case it shall stand adjourned to the next business day in the jurisdiction in which the meeting was to have been held at the same time and place or to such other date, time and place as the directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than 30% of the votes of the shares or each class or series of shares entitled to vote on the matters to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall be dissolved. Notice of the adjourned meeting need not be given if the date, time and place of such meeting are announced at the meeting at which the adjournment is taken;
 - a resolution of shareholders is valid if approved at a duly convened and constituted meeting of shareholders by the affirmative vote of not less than a simple majority of the votes of those shares entitled to vote thereon which were present at the meeting and were voted (although approval of certain
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matters, including removal of directors without cause, certain amendments to our memorandum and articles of association without the consent of our board of directors and a voluntary liquidation require a special resolution of shareholders approved by not less than two-thirds of the votes of the shares entitled to vote thereon); and

- in addition, in order to nominate candidates for election as a director at an annual meeting or propose topics for consideration at an annual meeting or special meeting of shareholders, shareholders must notify the Company in writing prior to the meeting at which directors are to be elected or the proposals are to be acted upon, and such notice must contain the documentation and information specified in our memorandum and articles of association. To be timely, notice with respect to an annual meeting of shareholders must be received by not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the first anniversary of the preceding year's annual meeting (*provided* that if the Company did not have an annual meeting the preceding year not later than the close of business on February 1 of the calendar year in which the annual meeting is to be held or such other date notified to shareholders by the board of directors). In the case of any business or other matter to be considered at a special meeting of shareholders, notice of such business or other matter must be included with the original requisition notice. Various other restrictions, conditions and provision of information and other procedural requirements set out in our memorandum and articles of association shall also apply. Such advance notice requirements and other provisions may preclude or limit the ability of shareholders to nominate candidates for election as a director or propose topics for consideration at a meeting of shareholders.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by the BVI Act or our memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise the voting rights of our shares. In addition, there are no provisions in our memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Differences in Corporate Law

We were incorporated under, and are governed by, the laws of the BVI. Set forth below is a summary of some of the key differences between provisions of the BVI Act applicable to us and the laws applicable to companies incorporated in the State of Delaware in the United States and their shareholders, which should not be taken as exhaustive.

Director's Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself or herself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of

loyalty requires that a director act in a manner he reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling stockholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

BVI law provides that every director of a BVI company in exercising his or her powers or performing his or her duties shall act honestly and in good faith and in what the director believes to be in the best interests of the company. Additionally, the director shall exercise the care, diligence, and skill that a reasonable director would exercise in the same circumstances (taking into account but without limitation, the nature of the company, the nature of the decision and the position of the director and the nature of the responsibilities undertaken by him or her). In addition, BVI law provides that a director shall exercise his or her powers as a director for a proper purpose and shall not act, or agree to the company acting, in a manner that contravenes the BVI Act or the memorandum association or articles of association of the company.

Amendment of Governing Documents

Under Delaware corporate law, with very limited exceptions, a vote of the shareholders is required to amend the certificate of incorporation. In addition, Delaware corporate law provides that shareholders have the right to amend the bylaws, and the certificate of incorporation also may confer on the directors the right to amend the bylaws.

The laws of the BVI provide more flexibility as to the approvals required for amending the governing documents of the company. Our memorandum and articles of association provide they may only be amended by way of:

- (a) both an ordinary resolution of shareholders (passed by a simple majority vote) and a resolution of directors (passed by a simple majority vote at a meeting of directors or by a resolution consented to in writing by a majority of the directors), but subject to the condition that the resolution of directors is adopted not later than the seventh day following the adoption of the resolution of shareholders;
- (b) a special resolution of members (passed by a two-thirds (66 2/3%) super majority vote), save that certain provisions may not be amended in this manner, as further described below; or
- (c) a resolution of directors (passed by a simple majority vote at a meeting of directors or by a resolution consented to in writing by a majority of the directors), save that certain provisions may not be amended in this manner, as further described below.

The provisions of our memorandum and articles of association that may not be amended pursuant to (b) and (c) above include provisions (and related definitions) relating to the capacity and powers of the Company; the powers of our board to issue shares and authorize and issue additional classes of shares and the repurchase of

the company's own shares, and to fix a record date for shareholder meetings; the powers of our board or shareholders to amend our memorandum and articles; most provisions regarding shareholder meetings and the ability of shareholders to requisition meetings and make proposals; the powers of the board of directors and the officers of the Company and their proceedings; dividends and other distributions; director conflicts and indemnification; appointment of auditors and the audit process; the voluntary liquidation of the Company; the redomiciliation of the Company to a foreign jurisdiction; the exclusive jurisdiction clause; the number of shares or classes of shares that may be authorized and issued pursuant to division and combination of shares provisions; and the percentage of shareholders required to pass a resolution to amend the memorandum and articles of association (if proposed by the board). Our memorandum and articles of association also forbids any other amendments that are inconsistent with or that conflicts with, or which circumvents, overrides, fetters or limits any of the above.

Written Consent of Directors

Under Delaware corporate law, directors may act by written consent only on the basis of a unanimous vote.

Similarly, under our memorandum and articles of association, a resolution of our directors in writing shall be valid only if consented to by a majority of the directors (or a majority of the members of a committee of directors, as the case may be) entitled to vote on the resolution.

Written Consent of Shareholders

Under Delaware corporate law, unless otherwise provided in the certificate of incorporation, any action to be taken at any annual or special meeting of shareholders of a corporation may be taken by written consent of the holders of outstanding stock having not less than the minimum number of votes that would be necessary to take that action at a meeting at which all shareholders entitled to vote were present and voted.

Our memorandum and articles of association provide that a resolution of shareholders is valid only if approved at a duly constituted and quorate meeting of shareholders by the affirmative vote of not less than a simple majority (or such greater majority as may be specified in respect of a particular matter in our memorandum and articles of association) of the votes of those shareholders present at the meeting and entitled to vote and voting on the resolution.

Shareholder Proposals

Under Delaware corporate law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

BVI law and our memorandum and articles of association provide that (i) our directors shall call a special meeting of the shareholders if requested in writing to do so by shareholders entitled to exercise at least 30% of the voting rights in respect of the matter for which the meeting is requested; and (ii) shareholders may put forward proposals at an annual meeting or, with the prior consent of our board of directors, at any special meeting convened by our board of directors, in each case subject to the various restrictions, conditions, and

provision of information and other procedural requirements (including lengthy advance notice periods) described under “—Shareholders’ Meetings and Consents” above.

Sale of Assets

Under Delaware corporate law, a vote of the shareholders is required to approve the sale of assets only when all or substantially all assets are being sold.

Under the BVI Act, unless otherwise provided in our memorandum and articles of association, shareholder approval is required when more than 50% of the company’s total assets by value are being disposed of or sold if not made in the usual or regular course of the business carried out by the company. However, this provision is without effect under our memorandum and articles of association, and the directors may by resolution of directors sell, transfer, lease, exchange or otherwise dispose of the assets of the Company without the sale, transfer, lease, exchange or other disposition being authorized by a resolution of the shareholders.

Dissolution; Winding Up

Under Delaware corporate law, unless the board of directors approves the proposal to dissolve, dissolution must be approved in writing by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation’s outstanding shares. Delaware corporate law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

As permitted by BVI law and our memorandum and articles of association, we may be voluntarily liquidated under Part XII of the BVI Act by resolution of shareholders with the prior approval of a resolution of directors if we have no liabilities or we are able to pay our debts as they fall due and the value of the Company’s assets equals or exceeds its liabilities.

Continuation under Foreign Law

As permitted by BVI law and our memorandum and articles of association, we may with the approval of both a resolution of directors and resolution of shareholders continue as a company incorporated under the laws of a jurisdiction outside the BVI in the manner provided under those laws.

Redemption of Shares

Under Delaware corporate law, any stock may be made subject to redemption by the corporation at its option, at the option of the holders of that stock or upon the happening of a specified event, provided shares with full voting power remain outstanding. The stock may be made redeemable for cash, property or rights, as specified in the certificate of incorporation or in the resolution of the board of directors providing for the issue of the stock.

As permitted by BVI law and our memorandum and articles of association, shares may be repurchased, redeemed or otherwise acquired and held by us (a) with the prior written consent of the holder of such shares (which consent may be given by agreement in advance and may be either unconditional or conditional); (b) in

accordance with the terms and conditions of such class of shares or the terms and conditions upon which such shares are issued, including, if permitted by the terms and conditions of such class, without the consent of the holder of such shares; or (c) as described under “—Compulsory Acquisition” below, without the consent of the holder of such shares, subject in cases (a) and (b) to compliance with applicable BVI laws regarding solvency unless the redemption is made pursuant to a right of the shareholder to have his shares redeemed or to have his or her shares exchanged for money or other property of the company.

Compulsory Acquisition

Under Delaware General Corporation Law §253, in a process known as a “short form” merger, a corporation that owns at least 90% of the outstanding shares of each class of stock of another corporation may either merge the other corporation into itself and assume all of its obligations or merge itself into the other corporation by executing, acknowledging and filing with the Delaware Secretary of State a certificate of such ownership and merger setting forth a copy of the resolution of its board of directors authorizing such merger. If the parent corporation is a Delaware corporation that is not the surviving corporation, the merger also must be approved by a majority of the outstanding stock of the parent corporation. If the parent corporation does not own all of the stock of the subsidiary corporation immediately prior to the merger, the minority shareholders of the subsidiary corporation party to the merger may have appraisal rights as set forth in §262 of the Delaware General Corporation Law.

Under the BVI Act, subject to any limitations in a company’s memorandum or articles, members holding 90% of the votes of the outstanding shares entitled to vote, and members holding 90% of the votes of the outstanding shares of each class of shares entitled to vote as a class, may give a written instruction to the company directing the company to redeem the shares held by the remaining members. Upon receipt of such written instruction, the company shall redeem the shares specified in the written instruction, irrespective of whether or not the shares are by their terms redeemable. The company shall give written notice to each member whose shares are to be redeemed stating the redemption price and the manner in which the redemption is to be effected. A member whose shares are to be so compulsorily redeemed is entitled to dissent from such redemption, and to be paid the fair value of his or her shares, as described under “—Appraisal Rights” below.

Variation of Rights of Shares

Under Delaware corporate law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of that class, unless the certificate of incorporation provides otherwise. Under our memorandum and articles of association, the rights attached to any class of shares may be varied pursuant to any permitted means of amendment to our memorandum and articles of association (in this regard, see “—Amendment of Governing Documents” above); *provided* that (a) the approval of the holders of a simple majority of the shares of that particular class present and voting at a duly convened class meeting is received or (b) a resolution in writing consented to by the holders of a simple majority of that particular class of shares has been passed.

Removal of Directors

Under Delaware corporate law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Our memorandum and articles of association provide that a director of the Company may only be removed: (i) with cause, by a resolution approved by shareholders holding not less than a simple majority of the voting rights at a meeting of shareholders called for the stated purpose of removing the director or for stated purposes including the removal of the director, (ii) without cause, by a resolution approved by shareholders holding not less than two-thirds of the voting rights at a meeting of shareholders called for the stated purpose of removing the director or for stated purposes including the removal of the director, (iii) with cause, by a resolution approved by directors holding not less than a simple majority of the voting rights of all of those directors entitled to vote on the resolution at a meeting of directors or by way of a resolution consented to in writing by a simple majority of those directors entitled to vote on the removal or (iv) without cause, by a resolution approved by directors holding not less than two-thirds of the voting rights of all of those directors entitled to vote on the resolution at a meeting of directors or by way of a resolution consented to in writing by two-thirds of those directors entitled to vote on the removal, in the case of each of clauses (iii) and (iv) excluding the votes by the director proposed to be removed from office both from the numerator and the denominator in calculating whether the requisite proportion of votes has been obtained. For these purposes, “cause” is to be given the same meaning it has under Delaware corporate law.

Mergers

Under Delaware corporate law, one or more constituent corporations may merge into and become part of another constituent corporation in a process known as a merger. A Delaware corporation may merge with a foreign corporation as long as the law of the foreign jurisdiction permits such a merger. To effect a merger under Delaware General Corporation Law §251, an agreement of merger must be properly adopted and the agreement of merger or a certificate of merger must be filed with the Delaware Secretary of State. In order to be properly adopted, the agreement of merger must be adopted by the board of directors of each constituent corporation by a resolution or unanimous written consent. In addition, the agreement of merger generally must be approved at a meeting of stockholders of each constituent corporation by a majority of the outstanding stock of the corporation entitled to vote, unless the certificate of incorporation provides for a supermajority vote. In general, the surviving corporation assumes all of the assets and liabilities of the disappearing corporation or corporations as a result of the merger.

Under the BVI Act, two or more BVI companies may merge or consolidate in accordance with the statutory provisions. A merger means the merging of two or more constituent companies into one of the constituent companies, and a consolidation means the uniting of two or more constituent companies into a new company. In order to merge or consolidate, the directors of each constituent BVI company must approve a written plan of merger or consolidation which must be authorized by a resolution of shareholders. One or more BVI companies may also merge or consolidate with one or more companies incorporated under the laws of jurisdictions outside the BVI, if the merger or consolidation is permitted by the laws of the jurisdictions in which the companies incorporated outside the BVI are incorporated. In respect of such a merger or consolidation a BVI company is required to comply with the provisions of the BVI Act and a company incorporated outside the BVI is required to comply with the laws of its jurisdiction of incorporation.

Inspection of Books and Records

Under Delaware corporate law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records. Under BVI law, members of the general public, on payment of a nominal fee, can obtain copies of the public records of a company available at the office of the BVI Registrar of Corporate Affairs which will include the company's certificate of incorporation, its memorandum and articles of association (with any amendments) and records of license fees paid to date and will also disclose any articles of dissolution, articles of merger and a register of charges if the company has elected to file such a register.

A shareholder of a BVI company is entitled, on giving written notice to the company, to inspect:

- (1) the memorandum and articles;
- (2) the register of members;
- (3) the register of directors; and
- (4) the minutes of meetings and resolutions of shareholders and of those classes of members of which he or she is a shareholder; and to make copies of or take extracts from the documents and records referred to in (1) to (4) above.

However, subject to our memorandum and articles, the directors may, if they are satisfied that it would be contrary to the company's interests to allow a shareholder to inspect any document, or part of a document, specified in (b), (c) or (d) above, refuse to permit the shareholder to inspect the document or limit the inspection of the document, including limiting the making of copies or the taking of extracts from the records.

Where a company fails or refuses to permit a shareholder to inspect a document or permits a shareholder to inspect a document subject to limitations, that shareholder may apply to the BVI courts for an order that he should be permitted to inspect the document or to inspect the document without limitation.

A BVI company is required to keep at the office of its registered agent the memorandum and articles of the Company; the register of shareholders maintained or a copy of the register of shareholders; the register of directors or a copy of the register of directors; and copies of all notices and other documents filed by the company in the previous ten years.

Where a company keeps a copy of the register of shareholders or the register of directors at the office of its registered agent, it is required to notify any changes to the originals of such registers to the registered agent, in writing, within 15 days of any change; and to provide the registered agent with a written record of the physical address of the place or places at which the original register of shareholders or the original register of directors is kept.

Where the place at which the original register of shareholders or the original register of directors is changed, the company is required to provide the registered agent with the physical address of the new location of the records within fourteen days of the change of location.

A BVI company is also required to keep at the office of its registered agent or at such other place or places, within or outside the BVI, as the directors determine the minutes of meetings and resolutions of shareholders and of classes of shareholders; and the minutes of meetings and resolutions of directors and committees of directors. If such records are kept at a place other than at the office of the company's registered agent, the company is required to provide the registered agent with a written record of the physical address of the place or places at which the records are kept and to notify the registered agent, within 14 days, of the physical address of any new location where such records may be kept.

A BVI company is also required keep at the office of its registered agent or at such other place or places, within or outside the BVI, as the directors may determine, the records and underlying documentation of the company which shall be in such form as are sufficient to show and explain the company's transactions and will, at any time, enable the financial position of the company to be determined with reasonable accuracy. If such records and underlying documentation are kept at a place other than at the office of the company's registered agent, the company is required to provide the registered agent with a written record of the physical address of the place or places at which the records and underlying documentation are kept and of the name of the person who maintains and controls the company's records and underlying documentation and to notify the registered agent, within 14 days, of any change to such details.

Conflict of Interest

Under Delaware corporate law, a contract between a corporation and a director or officer, or between a corporation and any other organization in which a director or officer has a financial interest, is not void as long as the material facts as to the director's or officer's relationship or interest are disclosed or known and either a majority of the disinterested directors authorizes the contract in good faith or the shareholders vote in good faith to approve the contract. Nor will any such contract be void if it is fair to the corporation when it is authorized, approved or ratified by the board of directors, a committee or the shareholders.

The BVI Act provides that a director shall, forthwith after becoming aware that he is interested in a transaction entered into or to be entered into by the company, disclose that interest to the board of directors of the company. The failure of a director to disclose that interest does not affect the validity of a transaction entered into by the director or the company, so long as the director's interest was disclosed to the board prior to the company's entry into the transaction or was not required to be disclosed because the transaction is between the company and the director himself or herself and is otherwise in the ordinary course of business and on usual terms and conditions.

As permitted by BVI law and our memorandum and articles of association, a director interested in a particular transaction may generally vote on it, attend meetings at which it is considered and sign documents on our behalf which relate to the transaction, or do any other thing in his or her capacity as director that relates to the transaction.

Transactions with Interested Shareholders

Delaware corporate law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by that statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an

“interested shareholder” for three years following the date that the person becomes an interested shareholder. An interested shareholder generally is a person or group who or that owns or owned 15% or more of the target’s outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which the shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction that resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

BVI law has no comparable provision. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although BVI law does not expressly regulate transactions between a company and its significant shareholders, it does provide that transactions by the Company must be entered into bona fide in the best interests of the company and not with the effect of oppressing or constituting a fraud on the minority shareholders.

Independent Directors

There are no provisions under Delaware corporate law or under the BVI Act that require a majority of our directors to be independent.

Cumulative Voting

Under Delaware corporate law, cumulative voting for elections of directors is not permitted unless the company’s certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder’s voting power with respect to electing such director. There are no prohibitions to cumulative voting under the laws of the BVI, but our memorandum of association and articles of association do not provide for cumulative voting.

Shareholders’ Suits

The enforcement of the Company’s rights will ordinarily be a matter for our directors. However, in certain limited circumstances, a shareholder may have the right to seek certain remedies against us in the event the directors are in breach of their duties under the BVI Act. Pursuant to Section 184B of the BVI Act, if a company or director of a company engages in, proposes to engage in or has engaged in, conduct that contravenes the provisions of the BVI Act or the memorandum or articles of association of the company, a BVI court may, on application of a shareholder or director of the company, make an order directing the company or director to comply with, or restraining the company or director from engaging in conduct that contravenes, the BVI Act or the memorandum or articles.

Furthermore, pursuant to Section 184I of the BVI Act a shareholder of a company who considers that the affairs of the company have been, are being or are likely to be, conducted in a manner that is, or any acts of the company have been, or are likely to be, oppressive, unfairly discriminatory or unfairly prejudicial to him or her in that capacity, may apply to the BVI court for an order which can, if the court considers that it is just and equitable to do so, require the company or any other person to pay compensation to the shareholders

(among various other potential orders and remedies). Under Section 184G of the BVI Act, a shareholder of a company may bring an action against the company for breach of a duty owed by the company to him or her as a shareholder.

Under Section 184C of the BVI Act, a shareholder also may, with the permission of the BVI court, bring an action or intervene in a matter in the name of the company, in certain circumstances. Such actions are known as derivative actions. The BVI court may only grant permission to bring a derivative action where the following circumstances apply: (i) the company does not intend to bring, diligently continue or defend or discontinue proceedings; or (ii) it is in the interests of the company that the conduct of the proceedings not be left to the directors or to the determination of the shareholders as a whole.

When considering whether to grant leave, the BVI court is also required to have regard to the following matters: whether the shareholder is acting in good faith; whether a derivative action is in the interests of the company, taking into account the directors' views on commercial matters; whether the proceedings are likely to succeed; the costs of the proceedings in relation to the relief likely to be obtained; and whether an alternative remedy is available.

Any shareholder of a company may apply to BVI court under the Insolvency Act, 2003 of the BVI for the appointment of a liquidator to liquidate the company and the court may appoint a liquidator for the company if it is of the opinion that it is just and equitable to do so.

Generally any other claims against a BVI company by its shareholders must be based on the general laws of contract or tort applicable in the BVI or their individual rights as shareholders as established by the BVI Act or the company's memorandum and articles of association. There are also common law rights for the protection of shareholders that may be invoked, largely derived from English common law. Under general English company law known as the rule in *Foss v. Harbottle*, a court will generally refuse to interfere with the management of a company at the insistence of a minority of its shareholders who express dissatisfaction with the conduct of the company's affairs by the majority or the board of directors. However, every shareholder is entitled to seek to have the affairs of the company conducted properly according to law and the constituent documents of the corporation. As such, if those who control the company have persistently disregarded the requirements of company law or the provisions of the company's memorandum and articles of association, then the courts may grant relief. Generally, the areas in which the courts may intervene are the following: a company is acting or proposing to act illegally or beyond the scope of its authority; the act complained of, although not beyond the scope of the authority, could only be effected if duly authorized by more than the number of votes which have actually been obtained; the individual rights of the plaintiff shareholder have been infringed or are about to be infringed; or those who control the company are perpetrating a "fraud on the minority."

Appraisal Rights

The BVI Act provides that any shareholder of a BVI company is entitled to payment of the fair value of his or her shares upon dissenting from any of the following: (a) a merger if the company is a constituent company, unless the company is the surviving company and the shareholder continues to hold the same or similar shares; (b) a consolidation if the company is a constituent company; (c) any sale, transfer, lease, exchange or other

disposition of more than 50% in value of the assets or business of the company if not made in the usual or regular course of the business carried on by the company (unless, as in our case, such appraisal right is excluded in the memorandum and articles of association) but not including: (i) a disposition pursuant to an order of the court having jurisdiction in the matter, (ii) a disposition for money on terms requiring all or substantially all net proceeds to be distributed to the shareholders in accordance with their respective interest within one year after the date of disposition, or (iii) a transfer pursuant to the power of the directors to transfer assets for the protection thereof; (d) a compulsory redemption of 10% or fewer of the issued shares of the company required by the holders of 90% or more of the shares of the company pursuant to the terms of the BVI Act; and (e) an arrangement, if permitted by the BVI court.

BBB FOODS INC.

Code of Business Conduct and Ethics

(Effective as of January 28, 2024)

Introduction

Purpose and Scope

The Board of Directors (the “**Board of Directors**”) of BBB Foods Inc. (together with its subsidiaries, the “**Company**”) established this Code of Business Conduct and Ethics (the “**Code**”) to aid all of the Company’s directors, officers and employees in making ethical and legal decisions when conducting the Company’s business and performing their day-to-day duties. This Code applies to the Company and each of its subsidiaries and each of their respective directors, officers and employees.

The Company’s Board of Directors or a committee thereof is responsible for administering the Code. The Board of Directors has delegated day-to-day responsibility for administering and interpreting the Code to a compliance officer (the “**Compliance Officer**”). For purposes of this policy, the “Compliance Officer” shall be the Company’s Chief Financial Officer. Upon designation of a Compliance Officer other than the Chief Financial Officer, the designation will be communicated to the Company.

The Company expects its directors, officers and employees to exercise reasonable judgment when conducting the Company’s business. The Company encourages its directors, officers and employees to refer to this Code frequently to ensure that they are acting within both the letter and the spirit of this Code. The Company also understands that this Code will not contain the answer to every situation you may encounter or every concern you may have about conducting the Company’s business ethically and legally. In these situations, or if you otherwise have questions or concerns about this Code, the Company encourages each director, officer and employee to speak with his or her supervisor (if applicable or appropriate) or the Compliance Officer.

Contents of this Code

This Code has two sections. The first section, “**Standards of Conduct**,” contains the actual guidelines that our directors, officers and employees are expected to adhere to in the conduct of the Company’s business. The second section, “**Compliance Procedures**,” contains specific information about how this Code functions, including who administers the Code, who can provide guidance under the Code and how violations may be reported, investigated and penalized. This section also contains a discussion about waivers of and amendments to this Code.

A Note About Other Obligations

The Company's directors, officers and employees generally have other legal and contractual obligations to the Company. This Code is not intended to reduce or limit the other obligations that you may have to the Company. Instead, the standards in this Code should be viewed as the *minimum standards* that the Company expects from all of its directors, officers and employees in the conduct of the Company's business.

Standards of Conduct

Compliance with Laws, Rules and Regulations

The Company requires that all directors, officers and employees comply with all laws, rules and regulations applicable to the Company wherever it does business. You are expected to use good judgment and common sense in seeking to comply with all applicable laws, rules and regulations and to ask for advice when you are uncertain about them.

If you become aware of the violation of any law, rule or regulation by the Company, whether by its directors, officers and employees or any third party doing business on behalf of the Company, it is your responsibility to promptly report the matter to your supervisor or to the Compliance Officer. While it is the Company's desire to address matters internally, nothing in this Code should discourage you from reporting any illegal activity, including any violation of the securities laws, antitrust laws, environmental laws or any other federal, state or foreign law, rule or regulation, to the appropriate regulatory authority. Directors, officers and employees shall not discharge, demote, suspend, threaten, harass or in any other manner discriminate or retaliate against an employee because he or she reports any such violation, unless it is determined that the report was made with knowledge that it was false. This Code should not be construed to prohibit you from testifying, participating or otherwise assisting in any state or federal administrative, judicial or legislative proceeding or investigation.

Conflicts of Interest

The Company recognizes and respects the right of its directors, officers and employees to engage in outside activities that they may deem proper and desirable, provided that these activities do not impair or interfere with the performance of their duties to the Company or their ability to act in the Company's best interests. In most, if not all, cases this will mean that our directors, officers and employees must avoid situations that present a potential or actual conflict between their own interests and the Company's interests.

A "conflict of interest" occurs when a director's, officer's or employee's personal or business interest interferes with the Company's interests. Conflicts of interest may arise in many situations. For example, conflicts of interest can arise when a director, officer or employee takes an action or has an outside interest, responsibility or obligation that may make it difficult for him or her to perform the responsibilities of his or her position objectively and/or effectively in the Company's best interests. Conflicts of interest may also occur when a director, officer, employee or an immediate family member, receives some personal benefit (whether improper or not) as a result of the director's, officer's or employee's position with the Company. Even the

appearance of a conflict of interest could create a problem. Each individual's situation is different and in evaluating his or her own situation, a director, officer or employee will have to consider many factors.

The following situations are examples of conflicts of interest:

- Outside Employment. No director, officer or employee should be employed by, serve as a director of, or provide any services not in his/her capacity as a Company employee to a company that is a material customer, supplier or competitor of the Company.
- Improper Personal Benefits. No director, officer or employee should obtain any material (as to him or her) personal benefits or favors because of his or her position with the Company. Please see "Gifts and Entertainment" below for additional guidelines in this area.
- Financial Interests. No director, officer or employee should have a significant financial interest (ownership or otherwise) in any company that is a material customer, supplier or competitor of the Company. A "significant financial interest" means (i) ownership of greater than 1% of the equity of a material customer, supplier or competitor or (ii) an investment in a material customer, supplier or competitor that represents more than 5% of the total assets of the employee.
- Loans or Other Financial Transactions. No director, officer or employee should obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, supplier or competitor of the Company. This guideline does not prohibit arms-length transactions with banks, brokerage firms or other financial institutions.
- Service on Boards and Committees. Any director that joins the board of directors of another company must notify the Compliance Officer. No director, officer or employee should serve on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests reasonably would be expected to conflict with those of the Company.
- Actions of Family Members. The actions of family members outside the workplace may also give rise to the conflicts of interest described above because they may influence a director's, officer's or employee's objectivity in making decisions on behalf of the Company. For purposes of this Code, "family members" include your spouse or life-partner, parents, step-parents, children, step-children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than tenants and domestic employees) who shares your home.

Any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest should be reported promptly to the Compliance Officer. The Compliance Officer may notify the Board of Directors or a committee thereof as he or she deems appropriate. Actual or potential conflicts of interest involving a director or executive officer other than the Compliance Officer should be disclosed directly to the Compliance Officer. Actual or potential conflicts of interest involving the Compliance Officer should be disclosed directly to the Chief Executive Officer or to the acting Chief Legal Officer.

Insider Trading

Directors, officers and employees who have material non-public information about the Company or other companies, including our suppliers and customers, as a result of their relationship with the Company are prohibited by law and Company policy from trading in securities of the Company or such other companies, as well as from communicating such information to others who might trade on the basis of that information. To help ensure that you do not engage in prohibited insider trading and to avoid even the appearance of an improper transaction, the Company has adopted an Insider Trading Policy, which is distributed to employees and is also available on the Company's e-learning website <https://universidad3b.mx>.

If you are uncertain about the constraints on your purchase or sale of any Company securities or the securities of any other company that you are familiar with by virtue of your relationship with the Company, you should consult with the Compliance Officer before making any such purchase or sale.

Confidentiality

Directors, officers and employees must maintain the confidentiality of confidential information entrusted to them by the Company or other companies, including our suppliers and customers, except when disclosure is authorized by a supervisor or legally mandated. Unauthorized disclosure of any confidential information is prohibited. Additionally, employees should take appropriate precautions to ensure that confidential or sensitive business information, whether it is proprietary to the Company or another company, is not communicated within the Company except to employees who have a need to know such information to perform their responsibilities for the Company.

Third parties may ask you for information concerning the Company. Subject to the exceptions noted in the preceding paragraph, directors, officers and employees (other than the Company's authorized spokespersons) must not discuss internal Company matters with, or disseminate internal Company information to, anyone outside the Company, except as required in the performance of their Company duties and, if appropriate, after a confidentiality agreement is in place. This prohibition applies particularly to inquiries concerning the Company from the media, market professionals (such as securities analysts, institutional investors, investment advisers, brokers and dealers) and stockholders. All responses to inquiries on behalf of the Company must be made only by the Company's authorized spokespersons. If you receive any inquiries of this nature, you must decline to comment and refer the inquirer to your supervisor or one of the Company's authorized spokespersons. The Company's policies with respect to public disclosure of internal matters are described more fully in the Company's Fair Disclosure Policy, which is available on the Company's e-learning website <https://universidad3b.mx>.

You also must abide by any lawful obligations that you have to your former employer. These obligations may include restrictions on the use and disclosure of confidential information, restrictions on the solicitation of former colleagues to work at the Company and non-competition obligations.

Honest and Ethical Conduct and Fair Dealing

Directors, officers and employees should endeavor to deal honestly, ethically and fairly with the Company's suppliers, customers and competitors and their respective employees. Statements regarding the Company's products and services must not be untrue, misleading, deceptive or fraudulent. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Protection and Proper Use of the Company's Assets

Directors, officers and employees should seek to protect the Company's assets. Theft, carelessness and waste have a direct impact on the Company's financial performance. Directors, officers and employees must use the Company's assets and services solely for legitimate business purposes of the Company and not for any personal benefit or the personal benefit of anyone else. Company assets include tangible property, intellectual property such as patents, trademarks, business and proprietary information such as new products, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information is a violation of this Code. To ensure the protection and proper use of the Company's assets, each director, officer and employee should:

- Exercise reasonable care to prevent theft, damage or misuse of Company property.
- Report the actual or suspected theft, damage or misuse of Company property to a supervisor.
- Use the Company's telephone system, other electronic communication services, written materials and other property primarily for business-related purposes.
- Safeguard all electronic programs, data, communications and written materials from inadvertent access by others.
- Use Company property only for legitimate business purposes, as authorized in connection with your job responsibilities.

Corporate Opportunities

Directors, officers and employees owe a duty to the Company to advance its legitimate business interests when the opportunity to do so arises. Each director, officer and employee is prohibited from using the Company's property, information or position to:

- divert to himself or herself or to others any opportunities that are discovered through the use of the Company's property or information or as a result of his or her position with the Company unless such opportunity has first been presented to, and rejected by, the Company;
- use the Company's property or information or his or her position for personal gain; or
- compete with the Company.

Related Party Transactions

The Company has adopted a Related Party Transaction policy that requires the review and approval of any transaction, arrangement or relationship where the Company was, is or will be a participant and in which any “related party” (generally defined as any director (or director nominee), executive officer or beneficial owner of 5% or more of the Company’s stock or any immediate family member of the foregoing or entities controlled by any of the foregoing) had, has or will have a direct or indirect material interest.

Before entering into any such transaction, arrangement or relationship, the Compliance Officer or legal department must be notified of the facts and circumstances of the proposed transaction, arrangement or relationship. If the Compliance Officer or legal department determines that a transaction, arrangement or relationship is indeed a related party transaction, such transaction will be sent to the Audit Committee for review and approval.

Political Contributions

Business contributions to political campaigns are strictly regulated and therefore only permitted when local law allows them. Accordingly, all political contributions proposed to be made with the Company’s funds must be coordinated through and approved by the Compliance Officer. Directors, officers and employees may not, without the approval of the Compliance Officer, use any Company funds for political contributions of any kind to any political candidate or holder of any national, state or local government office. Directors, officers and employees may make personal contributions, but should not represent that they are making contributions on the Company’s behalf. Specific questions should be directed to the Compliance Officer.

Gifts and Entertainment

The giving and receiving of gifts is common business practice. Appropriate business gifts and entertainment are designed to build relationships and understanding among business partners. However, gifts and entertainment should never compromise, or appear to compromise, your ability to make objective and fair business decisions. A gift or hospitality will not be appropriate if it is unduly lavish or extravagant or could be seen as an inducement or reward for any preferential treatment. We must not encourage, ask for or demand gifts, invitations, personal services or favors for ourselves or others from business partners. Advertising items and occasional gifts given voluntarily can be accepted if of reasonable value and scope. We accept invitations from business partners to dinners or events only if they are freely given, serve a business purpose, do not occur with excessive frequency and if the invitation is appropriate for the occasion. Gifts must not include cash or cash equivalents (such as vouchers) or be given in secret. Gifts and entertainment to or involving any government official must strictly comply with the Company’s Anti-Corruption Policy and any applicable operating procedures.

Please contact the Compliance Officer if you have any questions regarding gifts of a significant value or gifts for which you are not certain are appropriate.

Bribes, Kickbacks and Other Improper Payments

We are dedicated to operating to the highest standards of honesty, integrity, and trustworthiness in all matters, and are committed to complying with all applicable domestic and

foreign anti-corruption laws including the U.S. Foreign Corrupt Practices Act (“FCPA”) and the Mexican National Anti-Corruption System (“SNA”).

The Company does not tolerate any form of bribery or corruption. This means the Company prohibits anyone acting on its behalf, directly or indirectly, from making or receiving unlawful or improper payments. Unlawful and improper payments include paying or receiving bribes or offering, paying, giving, promising, receiving, or authorizing payment of money or anything of value to any person, including any Government Official, in order to improperly influence any act or decision of a person, to obtain or retain business, or to otherwise gain an any improper benefit for the Company.

Refer to the full text and requirements relating to anti-corruption as stated in the Company’s Anti-Corruption Policy, which is distributed to employees and is also available on the Company’s e-learning website <https://universidad3b.mx>.

Anti-Money Laundering Laws

We comply with all applicable anti-money laundering laws. Directors, officers and employees should never knowingly enter a laundering scheme, misreport the amount of transactions, or wrongfully avoid tax liability.

Accuracy of Records

Directors, officers and employees must honestly and accurately report all business transactions. You are responsible for the accuracy of your records and reports. Accurate information is essential to the Company’s ability to meet legal and regulatory obligations.

All Company books, records and accounts shall be maintained in accordance with all applicable regulations and standards and accurately reflect the true nature of the transactions they record. The financial statements of the Company shall conform to international financial reporting standards (IFRS) and the Company’s accounting policies. No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in the Company’s books or records for any reason, and no disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation.

Quality of Public Disclosures

It is the policy of the Company to provide full, fair, accurate, timely and understandable disclosure in reports and documents filed with, or submitted to, the Securities and Exchange Commission and in other public communications in accordance with the Company’s Fair Disclosure Policy.

Compliance Procedures

Communication of Code

All directors, officers and employees will be supplied with a copy of the Code upon its enactment and, thereafter, upon beginning service at the Company and will be asked to review and sign an acknowledgment regarding the Code on a periodic basis. Updates of the Code will be provided from time to time. A copy of the Code is also available to all directors, officers and employees by requesting one from the Compliance Officer or by accessing the Company's website at www.tiendas3b.com.

Monitoring Compliance and Disciplinary Action

The Compliance Officer, under the supervision of its Board of Directors or a committee thereof designated by the Board of Directors or, in the case of accounting, internal accounting controls, auditing or securities law matters, the Audit Committee, shall take reasonable steps from time to time to (i) monitor compliance with the Code, and (ii) when appropriate, impose and enforce appropriate disciplinary measures for violations of the Code.

Disciplinary measures for violations of the Code will be determined in the Company's sole discretion and may include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension with or without pay, demotions, reductions in salary, termination of employment or service, and restitution.

The Compliance Officer shall periodically report to the Board of Directors or a committee thereof designated by the Board of Directors on these compliance efforts including, without limitation, periodic reporting of alleged violations of the Code and the actions taken with respect to any such violation.

Reporting Concerns/Receiving Advice

Communication Channels

Be Proactive. Every director, officer and employee is expected to act proactively by asking questions, seeking guidance and reporting suspected violations of the Code and other policies and procedures of the Company, as well as any violation or suspected violation of applicable law, rule or regulation arising in the conduct of the Company's business or occurring on the Company's property. **If any director, officer or employee believes that actions have taken place, may be taking place, or may be about to take place that violate or would violate the Code or any law, rule or regulation applicable to the Company, he or she must bring the matter to the attention of the Compliance Officer.**

Seeking Guidance. The best starting point for a director, officer or employee seeking advice on ethics-related issues or reporting potential violations of the Code will usually be his or her supervisor. However, if the conduct in question involves his or her supervisor, if the director, officer or employee has reported the conduct in question to his or her supervisor and does not believe that he or she has dealt with it properly, or if the director, officer or employee does not feel that he or she can discuss the matter with his or her supervisor, he or she should raise the matter with the Compliance Officer.

The Compliance Officer will take all actions he or she considers appropriate to investigate any breach of the Code reported to the Compliance Officer. If the Compliance Officer determines that a breach has occurred, it will take or authorize disciplinary or preventative action as it deems appropriate, after consultation with the Company's counsel if warranted, up to and including termination of employment. Where appropriate, the Company will not limit itself to disciplinary action but may pursue legal action against the offending person involved. In some cases, the Company may have a legal or ethical obligation to call violations to the attention of appropriate enforcement authorities.

Communication Alternatives. Any director, officer or employee may communicate with the Compliance Officer by any of the following methods:

- In writing, which may be done anonymously as explained below under "Reporting; Anonymity; Retaliation", addressed to the Compliance Officer by mail to c/o BBB Foods Inc., at Río Danubio 51, Cuauhtémoc, 06500 Ciudad de México, CDMX, Mexico;
- By e-mail to cumplimiento@tiendas3b.com (anonymity cannot be maintained); or
- By calling +52 5580423090, which is the Compliance Hotline that the Company has established for receipt of questions and reports of potential violations of the Code. The Compliance Hotline is managed by a third-party required to maintain the anonymity of the caller if so requested. See below under "Reporting; Anonymity; Retaliation" for more information.

Reporting Accounting, Securities Law and Similar Concerns. Any concerns or questions regarding potential violations of the Code, any other company policy or procedure or applicable law, rules or regulations involving accounting, internal accounting controls, auditing or securities law matters should be directed to the Compliance Officer. However, you may also report such matters to the Audit Committee or a designee of the Audit Committee. Directors, officers or employees may communicate with the Audit Committee or its designee:

- in writing to: Chair of the Audit Committee, c/o BBB Foods Inc., Río Danubio 51, Cuauhtémoc, 06500 Ciudad de México, CDMX, Mexico;
- by e-mail to cumplimiento@tiendas3b.com (anonymity cannot be maintained); or
- by phoning the Compliance Hotline and asking that the matter be forwarded to the Chair of the Audit Committee.

Cooperation. Directors, officers and employees are expected to cooperate with the Company in any investigation of a potential violation of the Code, any other Company policy or procedure or any applicable law, rule or regulation.

Misuse of Reporting Channels. Employees must not use these reporting channels in bad faith or in a false or unreasonable manner. Further, the Compliance Hotline should not be used to report grievances that do not involve the Code or other ethics-related issues.

Director Communications. In addition to the foregoing methods, a director also can communicate concerns or seek advice with respect to this Code by contacting the Board of Directors through its Chair or the Audit Committee.

Reporting; Anonymity; Retaliation

When reporting suspected violations of the Code, the Company prefers that directors, officers and employees identify themselves in order to facilitate the Company's ability to take appropriate steps to address the report, including conducting any appropriate investigation. However, the Company also recognizes that some people may feel more comfortable reporting a suspected violation anonymously.

If a director, officer or employee wishes to remain anonymous, he or she may do so, and the Company will use reasonable efforts to protect the confidentiality of the reporting person subject to applicable law, rule or regulation or to any applicable legal proceedings. In the event the report is made anonymously, however, the Company may not have sufficient information to look into or otherwise investigate or evaluate the allegations. Accordingly, persons who make reports anonymously should provide as much detail as possible to permit the Company to evaluate the matter(s) set forth in the anonymous report and, if appropriate, commence and conduct an appropriate investigation.

No Retaliation

The Company expressly forbids any retaliation against any director, officer or employee who, acting in good faith on the basis of a reasonable belief, reports suspected misconduct. Specifically, the Company will not discharge, demote, suspend, threaten, harass or in any other manner discriminate against such director, officer or employee in the terms and conditions of his or her employment. Any person who participates in any such retaliation is subject to disciplinary action, including termination.

Waivers and Amendments

No waiver of any provisions of the Code for the benefit of a director or an executive officer (which includes, without limitation, for purposes of this Code, the Company's principal executive, financial and accounting officers) shall be effective unless (i) approved by the Board of Directors or, if permitted, a committee thereof and (ii) if applicable, such waiver is promptly disclosed to the Company's stockholders in accordance with applicable securities laws and/or the rules and regulations of the exchange or system on which the Company's shares are traded or quoted, as the case may be.

Any waivers of the Code for other employees may be made by the Compliance Officer, the Board of Directors or, if permitted by the Board of Directors, a committee thereof.

All amendments to the Code must be approved by the Board of Directors or a committee thereof and, if applicable, must be promptly disclosed to the Company's stockholders in accordance with applicable securities laws and/or the rules and regulations of the exchange or system on which the Company's shares are traded or quoted, as the case may be.

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BBB FOODS INC.

INSIDER TRADING COMPLIANCE POLICY

(Effective as of January 28, 2024)

U.S. federal securities laws prohibit trading in the securities of a company while in possession of material nonpublic information. These laws also prohibit anyone who is aware of material nonpublic information from providing this information to others who may trade. Violating such laws can undermine investor trust, harm our company's reputation, and result in your dismissal from BBB Foods Inc. (together with its subsidiaries, the "**Company**") or even serious criminal and civil charges against you and the Company.

This Insider Trading Compliance Policy (this "**Policy**") outlines your responsibilities to avoid insider trading and implements certain procedures to avoid actual or apparent instances of insider trading.

I. Introduction and Persons Covered by this Policy

This Policy applies globally regardless of location or nationality, and applies to all officers, directors, regular employees, temporary employees, contingent workers (including agency temporary employees, independent contractors, and vendor employees), interns and any member of the Company's economic group. As someone subject to this Policy, you are responsible for ensuring that members of your household also comply with this Policy. This Policy also applies to any entities you control, including any corporations, limited liability companies, partnerships, or trusts, and transactions by such entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account. The Company may determine that this Policy applies to additional persons with access to material nonpublic information, such as contractors or consultants. This Policy extends to all activities within and outside your Company duties. Every officer, director, and employee must review this Policy. Officers, directors, regular employees, temporary employees, contingent workers (including agency temporary employees, independent contractors, and vendor employees), interns and any member of the Company's economic group, together with any other person designated as being subject to this Policy, are referred to collectively as "**Covered Persons**."

Questions regarding the Policy should be directed to the Company's Chief Financial Officer (the "**Compliance Officer**") who shall be responsible for the administration of this Policy; provided that if the Chief Financial Officer is unavailable or personally involved in the transaction at issue, the Compliance Officer will be the Company's Executive Officer.

Actions taken by the Company, the Compliance Officer, or any other Company personnel do not constitute legal advice, nor do they insulate you from the consequences of noncompliance with this Policy or with Securities laws.

II. Statement of Policies Prohibiting Insider Trading

No Covered Person shall purchase or sell any type of Security (as defined in Section III below) while in possession of material nonpublic information relating to the Security or the issuer of such Security in breach of a duty of trust or confidence, whether the issuer of such Security is the Company or any other company. In addition, if a Covered Person is in possession of material nonpublic information about other publicly-traded companies, such as suppliers, customers, competitors or potential acquisition targets, the Covered Person may not trade in such other companies' Securities until the information becomes public or is no longer material. Further, no Covered Person shall purchase or sell any Security of any other company, including another company in the Company's industry, while in possession of material nonpublic information if such information is obtained in the course of the Covered Person's employment or service with the Company.

These prohibitions do not apply to:

- purchases of the Company's Securities from the Company or sales of the Company's Securities to the Company;
- exercises of share options or other equity awards or the surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement, or vesting of equity-based awards that, in each case, do not involve a market sale of the Company's Securities (the "cashless exercise" of a Company share option through a broker *does* involve a market sale of the Company's Securities, and therefore would not qualify under this exception);
- *bona fide* gifts of the Company's Securities unless the person giving the gift knows or has reason to believe that the recipient intends to sell the Securities while the donor is in possession of material nonpublic information about the Company; or
- purchases or sales of the Company's Securities made pursuant to a plan adopted to comply with the Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended ("**Rule 10b5-1**"). For more information about Rule 10b5-1 trading plans, see Section VI below.

No Covered Person will directly or indirectly communicate (or "**tip**") material nonpublic information to anyone outside the Company (except in accordance with the Company's policies regarding confidential information) or to anyone within the Company other than on a "need-to-know" basis.

III. Explanation of Insider Trading

"**Insider trading**" refers to the purchase or sale of a Security while in possession of material nonpublic information relating to the Security.

“**Securities**” includes common stock, preferred stock, shares, bonds, notes, debentures, convertible debentures, options to purchase or sell common, warrants, equity and other convertible securities, as well as exchange-traded options, other derivative instruments, short sales and any other type of securities that the Company may issue.

“**Purchase**” and “**sale**” are defined broadly under the federal securities law. “Purchase” includes not only the actual purchase of a Security, but any contract to purchase or otherwise acquire a Security. “Sale” includes not only the actual sale of a Security, but any contract to sell or otherwise dispose of a Security. These definitions extend to a broad range of transactions, including conventional cash-for-shares transactions, conversions, the exercise of share options, transfers, gifts, and acquisitions and exercises of warrants or puts, calls, pledging and margin loans, or other derivative Securities.

A. What Facts Are Material?

Information is considered “**material**” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell, or hold a Security, or if the information is likely to have a significant effect on the market price (positive or negative) of the Security. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of Security, debt, or equity. Also, information that something is likely to happen in the future—or even just that it may happen—could be deemed material.

There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. Examples of material information include (but are not limited to) information about corporate earnings or earnings forecasts; possible mergers, acquisitions, tender offers, or dispositions; dividends; major new products or product developments; important business developments such as major contract awards or cancellations, developments regarding strategic collaborators, or the status of regulatory submissions; management or control changes; significant borrowing or financing developments, including pending public sales or offerings of debt or equity Securities; defaults on borrowings; bankruptcies; cybersecurity or data security incidents; and significant litigation or regulatory actions. Moreover, material information does not have to be related to a company’s business. For example, the contents of a forthcoming newspaper column that is expected to affect the market price of a Security can be material.

Questions regarding material information should be directed to the Compliance Officer. **A good rule of thumb: When in doubt, do not trade.**

B. What Is Nonpublic?

Information is “**nonpublic**” if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors in a Regulation FD-compliant method, such as, through newswire services such as Dow Jones, Reuters, Bloomberg, Business Wire, The Wall Street Journal, Associated Press, or United Press International; broadcasts on widely available radio or

television programs; publication in a widely available newspaper, magazine, or news website; a Regulation FD-compliant conference call; or public disclosure documents filed with the U.S. Securities and Exchange Commission (the “SEC”) that are available on the SEC’s website. Note that simply posting information to the Company’s website may not be sufficient disclosure to make the information public.

The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination. In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow two full trading days following publication as a reasonable waiting period before such information is deemed to be public. For purposes of this Policy, a “trading day” is a day on which U.S. national stock exchanges are open for trading. If, for example, the Company were to make an announcement on a Monday prior to 9:30 a.m. Eastern Time, the information would be deemed public after the close of trading on Tuesday. If an announcement were made on a Monday after 9:30 a.m. Eastern time, the information would be deemed public after the close of trading on Wednesday.

C. Who Is an Insider?

“**Insiders**” include the Covered Persons or anyone else who has material nonpublic information about a company. Insiders have independent fiduciary duties to their company and its shareholders not to trade on material nonpublic information relating to the company’s Securities. Insiders may not trade in the Company’s Securities while in possession of material nonpublic information relating to the Company, nor may they tip such information to anyone outside the Company (except in accordance with the Company’s policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than on a “need-to-know” basis.

Individuals subject to this Policy are responsible for ensuring that members of their households also comply with this Policy. This Policy also applies to any entities controlled by individuals subject to the Policy, including any corporations, limited liability companies, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy and applicable Securities laws as if they were for the individual’s own account.

D. Trading by Persons Other Than Insiders

Insiders may be liable for communicating or tipping material nonpublic information to a third party (“**tippee**”), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders can also be liable for insider trading, including tippees who trade on material nonpublic information tipped to them or individuals who trade on material nonpublic information that has been misappropriated. Insiders may be held liable for tipping even if they receive no personal benefit from tipping and even if no close personal relationship exists between them and the tippee.

Tippees inherit an insider’s duties and are liable for trading on material nonpublic information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who

trade. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material nonpublic information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

E. Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material nonpublic information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers. The SEC and Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the federal Securities laws include:

- SEC administrative sanctions;
- securities industry self-regulatory organization sanctions;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of all profits;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of \$2.48 million (subject to adjustment for inflation) or three times the amount of profit gained or loss avoided by the violator;
- criminal fines for individual violators of up to \$5 million (\$25 million for an entity whose Securities are publicly traded); and
- jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including dismissal. Insider trading violations are not limited to violations of the federal Securities laws. Other federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), may also be violated in connection with insider trading.

F. Size of Transaction and Reason for Transaction Do Not Matter

The size of the transaction or the amount of profit received does not have to be significant to result in prosecution. The SEC has the ability to monitor even the smallest trades, and the SEC performs routine market surveillance. Brokers or dealers are required by law to inform the

SEC of any possible violations by people who may have material nonpublic information. The SEC aggressively investigates even small insider trading violations.

IV. Statement of Procedures to Prevent Insider Trading

The following procedures have been established, and will be maintained and enforced, by the Company to prevent insider trading.

A. Blackout Periods & Trading Windows

The period during which the Company prepares quarterly financials is a sensitive time for insider trading purposes as Company personnel may be more likely to possess, or be presumed to possess, material nonpublic information. To avoid the appearance of impropriety and assist Company personnel in planning transactions in the Company's Securities for appropriate times, **no officer, director, or employee as may be designated from time to time by the Compliance Officer (as well as any individual or entity covered by this Policy by virtue of their relationship to such director, officer or employee) will purchase or sell any Security of the Company during the period beginning at 11:59 p.m. Eastern Time on the 14th calendar day before the end of any fiscal quarter of the Company and ending upon completion of the second full trading day after the public release of earnings data for such fiscal quarter or during any other trading suspension period declared by the Company.** For example, if the Company's fourth fiscal quarter ends on December 31, the corresponding blackout period would begin at 11:59 p.m. Eastern Time on December 17 and end at the close of trading (generally, 4:01 p.m. Eastern Time) on the second full trading day after the public release of earnings data for such fiscal quarter.

Exceptions to the blackout period policy may be approved, in limited circumstances, only by the Compliance Officer or, in the case of exceptions for directors, the Board of Directors or Audit Committee of the Board of Directors.

From time to time, the Company, through the Board of Directors or the Compliance Officer, may recommend that officers, directors, employees, or others suspend trading in the Company's Securities because of developments that have not yet been disclosed to the public. Subject to the exceptions noted above, all those affected should not trade in the Company's Securities while the suspension is in effect, and should not disclose to others that the Company has suspended trading.

B. Pre-Clearance of All Trades by All Officers, Directors and Certain Key Employees

To provide assistance in preventing inadvertent violations of applicable Securities laws and to avoid the appearance of impropriety in connection with the purchase and sale of the Company's Securities, all transactions in the Company's Securities (including, without limitation, acquisitions and dispositions of Company shares, the exercise of share options and the sale of Company shares issued upon exercise of share options) by officers, directors, and certain key employees listed on Schedule I (as amended from time to time) (each, a "**Pre-Clearance**

Person”) must be pre-cleared by the Company’s Compliance Officer or the Chief Financial Officer, except for certain exempt transactions as explained in Section VI of this Policy.

A request for pre-clearance must be in writing (including by e-mail), should be made at least two (2) business days in advance of the proposed transaction, and should include the identity of the Pre-Clearance Person, a description of the proposed transaction, the proposed date of the transaction, and the number of shares or other Securities to be involved. In addition, the Pre-Clearance Person must execute a certification (in the form approved by the Compliance Officer) that he or she is not aware of material nonpublic information about the Company. The Compliance Officer will have sole discretion to decide whether to clear any contemplated transaction. All trades that are pre-cleared must be effected within two business days of receipt of the pre-clearance, unless a specific exception has been granted by the Compliance Officer. A pre-cleared trade (or any portion of a pre-cleared trade) that has not been effected during the two business day period must be pre-cleared again prior to execution. Notwithstanding receipt of pre-clearance, if the Pre-Clearance Person becomes aware of material nonpublic information or becomes subject to a blackout period before the transaction is effected, the transaction may not be completed. Transactions under a previously established Rule 10b5-1 trading plan that has been pre-approved in accordance with this Policy are not subject to further pre-clearance.

None of the Company, the Compliance Officer, or the Company’s other employees will have any liability for any delay in reviewing, or refusal of, a request for pre-clearance submitted pursuant to this Section IV.B. Notwithstanding any pre-clearance of a transaction pursuant to this Section IV.B, none of the Company, the Compliance Officer, or the Company’s other employees assumes any liability for the legality or consequences of such transaction to the person engaging in such transaction.

C. Post-Termination Transactions

With the exception of the pre-clearance requirement, this Policy continues to apply to transactions in the Company’s Securities even after termination of service to the Company. If you are in possession of material nonpublic information when your service terminates, you may not trade in the Company’s Securities until that information has become public or is no longer material.

V. Additional Prohibited Transactions

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. Therefore, Covered Persons shall comply with the following policies with respect to certain transactions in the Company Securities:

A. Short Sales

Short sales of the Company’s Securities evidence an expectation on the part of the seller that the Securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the

seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's Securities are prohibited by this Policy.

B. Publicly Traded Options

A transaction in options is, in effect, a bet on the short-term movement of the Company's shares and therefore creates the appearance that an officer, director, or employee is trading based on material nonpublic information. Transactions in options may also focus an officer's, director's, or employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions by Covered Persons in puts, calls, or other derivative Securities involving the Company's equity Securities, on an exchange or in any other organized market, are prohibited by this Policy.

C. Hedging Transactions

Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an officer, director, or employee to lock in much of the value of his or her share holdings, often in exchange for all or part of the potential for upside appreciation in the shares. Such transactions allow the officer, director, or employee to continue to own the covered Securities, but without the full risks and rewards of ownership. When that occurs, the officer, director, or employee may no longer have the same objectives as the Company's other shareholders. Therefore, such transactions by Covered Persons involving the Company's equity Securities are prohibited by this Policy.

D. Purchases of the Company's Securities on Margin; Pledging the Company's Securities to Secure Margin or Other Loans

Purchasing on margin means borrowing from a brokerage firm, bank, or other entity in order to purchase the Company's Securities (other than in connection with a cashless exercise of share options under the Company's equity plans). Margin purchases of the Company's Securities by Covered Persons are prohibited by this Policy. Pledging the Company's Securities as collateral to secure loans is also prohibited. This prohibition means, among other things, that you cannot hold the Company's Securities in a "margin account" (which would allow you to borrow against your holdings to buy Securities).

E. Director and Executive Officer Cashless Exercises

The Company will not arrange with brokers to administer cashless exercises on behalf of directors and executive officers of the Company. Directors and executive officers of the Company may use the cashless exercise feature of their equity awards; provided however, that the Company's involvement may be limited to avoid any inference that the Company has "extended credit" in the form of a personal loan to the director or executive officer in violation of applicable law. Questions about cashless exercises should be directed to the Compliance Officer.

F. Standing Orders

A standing order placed with a broker to sell or purchase Company Securities at a specified price leaves the Security-holder with no control over the timing of the transaction. A transaction pursuant to a standing order, which does not meet the standards of a Rule 10b5-1 trading plan approved in compliance with this Policy, executed by the broker when the individual subject to this Policy is aware of material nonpublic information about the Company, may result in unlawful insider trading. Other than in connection with a Rule 10b5-1 trading plan under this Policy, entry into or fulfillment of a standing order is prohibited whenever an individual subject to this Policy is in possession of material nonpublic information about the Company (including during a quarterly blackout period for persons subject to the blackout restrictions of this Policy or ad hoc blackout period for those insiders subject to such procedures). All standing orders must be of limited duration, cancelable, and in the case of a person subject to the blackout restrictions of this Policy or a person subject to an ad hoc blackout period, must be immediately canceled upon commencement of quarterly blackout or ad hoc blackout period, as applicable.

G. Partnership Distributions

Nothing in this Policy is intended to limit the ability of an investment fund, a venture capital partnership or other similar entity with which a director is affiliated to distribute Company Securities to its partners, members or other similar persons. It is the responsibility of each affected director and the affiliated entity, in consultation with their own counsel (as appropriate), to determine the timing of any distributions, based on all relevant facts and circumstances and applicable Securities laws.

VI. Rule 10b5-1 Trading Plans

The trading restrictions set forth in this Policy, other than those transactions described under “Additional Prohibited Transactions,” do not apply to transactions under a previously established contract, plan or instruction to trade in the Company’s Securities entered into in accordance with a Rule 10b5-1 trading plan that:

- has been submitted to and pre-approved by the Compliance Officer;
- includes a “Cooling-off Period” for:
 - o directors and officers that extends to the later of 90 days after adoption or modification of a Rule 10b5-1 trading plan or two (2) business days after filing the Form 20-F or Form 6-K with financial results covering the fiscal quarter in which the Rule 10b5-1 trading plan was adopted, up to a maximum of 120 days; and
 - o employees and any other persons, other than the Company, that extends 30 days after adoption or modification of a Rule 10b5-1 trading plan;

- for directors and officers, includes a representation in the Rule 10b5-1 trading plan that the directors or officers are (1) not aware of any material nonpublic information about the Company or its Securities; and (2) adopting the Rule 10b5-1 trading plan in good faith and not as part of a plan or scheme to evade Rule 10b-5;
- has been entered into in good faith at a time when the individual was not in possession of material nonpublic information about the Company and not otherwise in a blackout period, and the person who entered into the Rule 10b5-1 trading plan has acted in good faith with respect to the Rule 10b5-1 trading plan;
- either (1) specifies the amounts, prices, and dates of all transactions under the Rule 10b5-1 trading plan; or (2) provides a written formula, algorithm, or computer program for determining the amount, price, and date of the transactions; and prohibits the individual from exercising any subsequent influence over the transactions; and
- complies with all other applicable requirements of Rule 10b5-1, including applicable disclosure requirements, prohibitions on multiple, overlapping plans and limitations on single-trade arrangements.

The Compliance Officer may impose such other conditions on the implementation and operation of the Rule 10b5-1 trading plan as the Compliance Officer deems necessary or advisable. Individuals may not adopt more than one Rule 10b5-1 trading plan at a time except under the limited circumstances permitted by Rule 10b5-1 and subject to pre-approval by the Compliance Officer.

Although non-discretionary Rule 10b5-1 trading plans are preferred, discretionary Rule 10b5-1 trading plans, where the discretion or control over trading is transferred to a broker, are permitted if pre-approved by the Compliance Officer.

The actual transactions effected pursuant to a pre-approved Rule 10b5-1 trading plan will not be subject to further pre-clearance for transactions in the Company's shares once the Rule 10b5-1 trading plan or other arrangement has been pre-approved.

Revocation of Rule 10b5-1 trading plans should occur only in unusual circumstances. Effectiveness of any revocation or amendment of a Rule 10b5-1 trading plan will be subject to the prior review and approval of the Compliance Officer. Revocation is effected upon written notice to the broker. Revocation of a Rule 10b5-1 trading plan can result in the loss of an affirmative defense for past or future transactions under a Rule 10b5-1 trading plan. You should consult with your own legal counsel before deciding to revoke Rule 10b5-1 trading plan.

An individual may only modify a Rule 10b5-1 trading plan outside of a blackout period and, in any event, when the individual does not possess material nonpublic information. Modifications to and terminations of a Rule 10b5-1 trading plan are subject to pre-approval by the Compliance Officer and modifications of a Rule 10b5-1 trading plan that change the amount,

price, or timing of the purchase or sale of the Securities underlying a Rule 10b5-1 trading plan will trigger a new Cooling-off Period.

The Company reserves the right to publicly disclose, announce, or respond to inquiries from the media regarding the adoption, modification, or termination of a Rule 10b5-1 trading plan and non-Rule 10b5-1 trading arrangements, or the execution of transactions made under a Rule 10b5-1 trading plan. The Company also reserves the right from time to time to suspend, discontinue, or otherwise prohibit transactions under a Rule 10b5-1 trading plan if the Compliance Officer or the Board of Directors, in its discretion, determines that such suspension, discontinuation, or other prohibition is in the best interests of the Company.

Compliance of a Rule 10b5-1 trading plan with the terms of Rule 10b5-1 and the execution of transactions pursuant to the Rule 10b5-1 trading plan are the sole responsibility of the person initiating the Rule 10b5-1 trading plan, and none of the Company, the Compliance Officer, or the Company's other employees assumes any liability for any delay in reviewing and/or refusing to approve a Rule 10b5-1 trading plan submitted for approval, nor the legality or consequences relating to a person entering into, informing the Company of, or trading under, a Rule 10b5-1 trading plan.

If required, an SEC Form 144 will be filled out and filed by the individual/brokerage firm in accordance with the existing rules regarding Form 144 filings. A footnote at the bottom of the Form 144 should indicate that the trades are in accordance with a Rule 10b5-1 trading plan that complies with Rule 10b5-1 and noting the expiration date of such Rule 10b5-1 trading plan.

During an open trading window (see Section IV), trades differing from Rule 10b5-1 trading plan instructions that are already in place are allowed as long as the Rule 10b5-1 trading plan continues to be followed.

The transactions prohibited under this Policy, including among others short sales and hedging transactions, may not be carried out through a Rule 10b5-1 trading plan or other arrangement or trading instruction involving potential sales or purchases of the Company's Securities.

VII. Interpretation, Amendment, and Implementation of this Policy

The Compliance Officer shall have the authority to interpret and update this Policy and its schedules and all related policies and procedures. In particular, such interpretations and updates of this Policy, as authorized by the Compliance Officer, may include amendments to or departures from the terms of this Policy, to the extent consistent with the general purpose of this Policy and applicable Securities laws.

VIII. Execution and Return of Certification of Compliance

After reading this Policy, all Covered Persons should execute and return to the Company's Compliance Officer a Certification of Compliance in a form to be designated by the Compliance Officer.

Schedule I Individuals Subject to Pre-Clearance Requirement

List Covered Persons subject to pre-clearance requirement to be maintained by Compliance Officer and updated from time to time.

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Certification of Principal Executive Officer

Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934,

as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, K. Anthony Hatoum, certify that:

1. I have reviewed this annual report on Form 20-F of BBB Foods Inc. (the “Company”);
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
 4. The Company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) [omitted];
 - c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
-

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 30, 2024

By: /s/ K. Anthony Hatoum
Name: K. Anthony Hatoum
Title: Chief Executive Officer

Certification of Principal Financial Officer

Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934,

as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Eduardo Pizzuto, certify that:

1. I have reviewed this annual report on Form 20-F of BBB Foods Inc. (the “Company”);
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
 4. The Company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) [omitted];
 - c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
-

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 30, 2024

By: /s/ Eduardo Pizzuto

Name: Eduardo Pizzuto

Title: Chief Financial Officer

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of BBB Foods Inc. (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2023 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition, results of operations and cash flows of the Company.

Date: April 30, 2024

By: /s/ K. Anthony Hatoum
Name: K. Anthony Hatoum
Title: Chief Executive Officer

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of BBB Foods Inc. (the “Company”), does hereby certify, to such officer’s knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2023 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition, results of operations and cash flows of the Company.

Date: April 30, 2024

By: /s/ Eduardo Pizzuto

Name: Eduardo Pizzuto

Title: Chief Financial Officer

INCENTIVE COMPENSATION CLAWBACK POLICY

(Effective as of January 28, 2024 pursuant to NYSE Rule 303A.14)

1. Overview. The Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of BBB Foods Inc. (the “**Company**”) has adopted this Incentive Compensation Clawback Policy (the “**Policy**”) which requires the recoupment of certain incentive-based compensation in accordance with the terms herein and is intended to comply with Section 303A.14 of The New York Stock Exchange Listed Company Manual, as such section may be amended from time to time (the “**Listing Rules**”). Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms under Section 12 of this Policy.

2. Interpretation and Administration. The Committee shall have full authority to interpret and enforce this Policy; provided, however, that this Policy shall be interpreted in a manner consistent with its intent to meet the requirements of the Listing Rules. As further set forth in Section 10 below, this Policy is intended to supplement any other clawback policies and procedures that the Company may have in place from time to time pursuant to other applicable law, plans, policies or agreements.

3. Covered Executives. This Policy applies to each current and former Executive Officer of the Company who serves or served as an Executive Officer at any time during a performance period in respect of which Incentive Compensation is Received, to the extent that any portion of such Incentive Compensation is (a) Received by the Executive Officer during the last three completed Fiscal Years or any applicable Transition Period preceding the date that the Company is required to prepare a Restatement (regardless of whether any such Restatement is actually filed) and (b) determined to have included Erroneously Awarded Compensation. For purposes of determining the relevant recovery period referenced in the preceding clause (a), the date that the Company is required to prepare a Restatement under this Policy is the earlier to occur of (i) the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement. Executive Officers subject to this Policy pursuant to this Section 3 are referred to herein as “**Covered Executives**.”

4. Recovery of Erroneously Awarded Compensation. If any Erroneously Awarded Compensation is Received by a Covered Executive, the Company shall reasonably promptly take steps to recover such Erroneously Awarded Compensation in a manner described under Section 5 of this Policy.

5. Forms of Recovery. The Committee shall determine, in its sole discretion and in a manner that effectuates the purpose of the Listing Rules, one or more methods for recovering any Erroneously Awarded Compensation hereunder in accordance with Section 4 above, which may include, without limitation: (a) requiring cash reimbursement; (b) seeking recovery or forfeiture of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards; (c) offsetting the amount to be recouped from any compensation otherwise owed by the Company to the Covered Executive; (d) cancelling outstanding vested or unvested equity awards; or (e) taking any other remedial and recovery action permitted by law, as

determined by the Committee. To the extent the Covered Executive refuses to pay to the Company an amount equal to the Erroneously Awarded Compensation, the Company shall have the right to sue for repayment and/or enforce the Covered Executive's obligation to make payment through the reduction or cancellation of outstanding and future compensation. Any reduction, cancellation or forfeiture of compensation shall be done in compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

6. No Indemnification. The Company shall not indemnify any Covered Executive against the loss of any Erroneously Awarded Compensation for which the Committee has determined to seek recoupment pursuant to this Policy.

7. Exceptions to the Recovery Requirement. Notwithstanding anything in this Policy to the contrary, Erroneously Awarded Compensation need not be recovered pursuant to this Policy if the Committee (or, if the Committee is not composed solely of Independent Directors, a majority of the Independent Directors serving on the Board) determines that recovery would be impracticable as a result of any of the following:

(a) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange;

(b) recovery would violate any law of the British Virgin Islands where that law was adopted prior to November 28, 2022; provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of any law of the British Virgin Islands, the Company must obtain an opinion of British Virgin Islands counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or

(c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

8. Committee Determination Final. Any determination by the Committee with respect to this Policy shall be final, conclusive and binding on all interested parties.

9. Amendment. This Policy may be amended by the Committee from time to time, to the extent permitted under the Listing Rules.

10. Non-Exclusivity. Nothing in this Policy shall be viewed as limiting the right of the Company or the Committee to pursue additional remedies or recoupment under or as required by any similar policy adopted by the Company or under the Company's compensation plans, award agreements, employment agreements or similar agreements or the applicable provisions of any law, rule or regulation which may require or permit recoupment to a greater degree or with respect to additional compensation as compared to this Policy (but without duplication as to any

recoupment already made with respect to Erroneously Awarded Compensation pursuant to this Policy). This Policy shall be interpreted in all respects to comply with the Listing Rules.

11. Successors. This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

12. Defined Terms.

“Erroneously Awarded Compensation” shall mean the amount of Incentive Compensation actually Received that exceeds the amount of Incentive Compensation that otherwise would have been Received had it been determined based on the restated amounts, and computed without regard to any taxes paid. For Incentive Compensation based on stock price or total shareholder return, where the amount of erroneously awarded Incentive Compensation is not subject to mathematical recalculation directly from the information in a Restatement:

- (A) The calculation of Erroneously Awarded Compensation shall be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive Compensation was Received; and
- (B) The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

“Exchange” shall mean The New York Stock Exchange.

“Executive Officer” shall mean the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parent(s) or subsidiaries shall be deemed executive officers of the Company if they perform such policy-making functions for the Company.

“Financial Reporting Measures” shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures, including, without limitation, stock price and total shareholder return (in each case, regardless of whether such measures are presented within the Company’s financial statements or included in a filing with the Securities and Exchange Commission).

“Fiscal Year” shall mean the Company’s fiscal year; provided that a Transition Period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months will be deemed a completed fiscal year.

“Incentive Compensation” shall mean any compensation (whether cash or equity-based) that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure, and may include, but shall not be limited to, performance bonuses and long-term incentive awards such as stock options, stock appreciation rights, restricted stock, restricted

stock units, performance share units or other equity-based awards. For the avoidance of doubt, Incentive Compensation does not include (i) awards that are granted, earned and vested exclusively upon completion of a specified employment period, without any performance condition, and (ii) bonus awards that are discretionary or based on subjective goals or goals unrelated to Financial Reporting Measures. Notwithstanding the foregoing, compensation amounts shall not be considered “Incentive Compensation” for purposes of this Policy unless such compensation is Received (1) while the Company has a class of securities listed on a national securities exchange or a national securities association and (2) on or after October 2, 2023, the effective date of the Listing Rules.

“Independent Director” shall mean a director who is determined by the Board to be “independent” for Board or Committee membership, as applicable, under the rules of the Exchange, as of any determination date.

Incentive Compensation shall be deemed **“Received”** in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

“Restatement” shall mean an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the Company’s previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“Transition Period” shall mean any transition period that results from a change in the Company’s Fiscal Year within or immediately following the three completed Fiscal Years immediately preceding the Company’s requirement to prepare a Restatement.

Acknowledgment of Incentive Compensation Clawback Policy

Reference is made to the BBB Foods Inc. Incentive Compensation Clawback Policy (effective as of January 28, 2024 pursuant to NYSE Rule 303A.14) (the “**Policy**”). Capitalized terms used herein without definition have the meanings assigned to such terms under the Policy.

By signing below, the undersigned acknowledges, confirms and agrees that:

- the undersigned has received and reviewed a copy of the Policy;
- the undersigned is, and will continue to be, subject to the Policy to the extent provided therein;
- the Policy may apply both during and after termination of the undersigned’s employment with the Company and its affiliates; and
- the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation to the Company pursuant to the Policy.

Signature

[Print Name]

Date

[Acknowledgment of Incentive Compensation Clawback Policy]
