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

Consolidated financial statements as of December 31, 2023 and 2022 and for the years then ended, and Independent Auditors' Report dated March 23, 2024.

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

Independent Auditors' Report and Consolidated Financial Statements for the years ended on December 31, 2023 and 2022.

Table of contents

	Page
Independent Auditors' Report	1 to 4
Consolidated Statements of Financial Position	5 and 6
Consolidated Statements of Profit or Loss and Other Comprehensive Income	7 and 8
Consolidated Statements of Cash Flows	9 and 10
Consolidated Statements of Changes in Stockholders' Equity	11
Notes to Consolidated Financial Statements	12 to 81

KPMG

KPMG Cárdenas Dosal, S.C.
Manuel Ávila Camacho 176 P1,
Reforma Social, Miguel Hidalgo,
C.P. 11650, Ciudad de México.
Teléfono: +01 (55) 5246 8300
kpmg.com.mx

Independent Auditors' report

To the Board of Directors and Stockholders

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

(Thousands of U.S. dollars)

Opinion

We have audited the consolidated financial statements of **Vitro, S.A.B. de C.V.** and subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2023 and 2022, and notes comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Vitro, S.A.B. de C.V.** and subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

"D.R." © KPMG Cárdenas Dosal, S.C., sociedad civil mexicana y firma miembro de la organización mundial de KPMG de firmas miembros independientes afiliadas a KPMG International Limited, una compañía privada inglesa limitada por garantía. Todos los derechos reservados.

Aguascalientes, Ags.
Cancún, Q. Roo.
Ciudad de México.
Ciudad Juárez, Chih.
Culiacán, Sin.
Chihuahua, Chih.
Guadalajara, Jal.
Hermosillo, Son.
León, Gto.
Mexicali, B.C.
Monterrey, N.L.
Puebla, Pue.
Querétaro, Qro.
Reynosa, Tamps.
Saltillo, Coah.
San Luis Potosí, S.L.P.
Tijuana, B.C.

KPMG

Discontinued Operation

See note 26 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
During December 2023, the Group's shareholders authorized the divestment of the Architectural, Automotive and Packaging divisions (hereinafter "the discontinued operation"), with the purpose of incorporating them into a related part. The divestment in these divisions was made during the end of 2023 and January 2024 resulting in a loss of $59,372, which was recognized in other equity accounts. As of December 31, 2023, the consolidated statement of financial position presents assets held for sale of $104,010 corresponding to the investment in the architectural division pending to be sold as of the year end, and the consolidated statement of comprehensive income includes $6,256 as discontinued operations. We have identified this discontinued operation as a key audit matter due to the significant effects on the consolidated financial statements and the complexity involved in determining the values to be considered.	Our audit procedures in this area included, among others, the following: — We inspected sales agreements and related minutes, and evaluated their terms and conditions. — We obtained an understanding of the records made in the consolidated financial statements as a result of the discontinued operation and assessed that they were made in accordance with the applicable accounting standards. — We compare the amount of the discontinued operation against the sum of the results of the divisions that were sold included in the financial information used in the preparation of the consolidated financial statements. — We compared the value of the assets held for sale related to the retained ownership of the architectural division against the amount of the subsequent sale, assessing the potential existence of an impairment at the end of the year. — We assessed the adequacy of the disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended December 31, 2023, to be filed with the National Banking and Securities Commission (Mexico) (Comisión Nacional Bancaria y de Valores) and the Mexican Stock Exchange (Bolsa Mexicana de Valores) ("the Annual Report") but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

KPMG Cárdenas Dosal, S.C.

C.P.C. R. Sergio López Lara

Monterrey, Nuevo León, March 23, 2024

Vitro, S.A.B. de C.V. and Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2023 and 2022
(Thousands of U.S. dollar)

	Notes	2023	2022
Assets			
Cash and cash equivalents	17	$ 37,606	$ 122,699
Trade accounts receivable, net	6 and 17	8,606	61,854
Related parties	19	640,386	-
Recoverable taxes		4,406	22,406
Recoverable value added tax		15,795	32,975
Other current assets	5	21,891	106,645
Inventories, net	7	25,249	480,288
Assets held for sale	26 and 27	108,783	4,819
Current assets		862,722	831,686
Investment in associated companies and other investments	8	112,236	38,585
Investment properties	9	35,985	29,947
Property, plant and equipment, net	10	231,018	1,139,799
Right of use assets, net	11	9,123	47,768
Related parties	19	222,956	-
Goodwill	12	-	56,496
Derivative financial instruments	17	3,652	21,402
Intangible and other assets, net	13	20,821	242,677
Deferred income taxes	22	11,399	149,865
Employee benefits	16	127,906	-
Long-term assets		775,096	1,726,539
Total assets		$ 1,637,818	$ 2,558,225

See accompanying notes to consolidated financial statements.

Vitro, S.A.B. de C.V. and Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2023 and 2022
(Thousands of U.S. dollars)

	Notes	2023	2022
Liabilities			
Short-term debt	14	$ -	$ 113,700
Short-term maturity of long-term debt	14	-	2,544
Interest payable	17	1,468	1,742
Short-term maturity of lease liability	11	1,898	18,746
Trade accounts payable	17	17,046	271,320
Related parties	19	450,578	-
Accrued expenses and provisions	15 and 17	21,933	59,228
Income tax payable	22	10,311	639
Deconsolidation income tax	22	-	10,855
Other short-term liabilities	5 and 17	139,703	110,661
Short-term liabilities		642,937	589,435
Long-term debt	14	112,438	586,003
Long-term lease liability	11	8,065	22,352
Related parties	19	187,233	-
Deferred income taxes	22	12,372	9,787
Other long-term liabilities	5	2,210	12,770
Employee benefits	16	-	131,962
Long-term liabilities		322,318	762,874
Total liabilities		965,255	1,352,309
Stockholders' equity			
Capital stock	18	378,860	378,860
Repurchased shares	18	(32,621)	(32,621)
Additional paid-in capital	18	284,665	344,037
Other comprehensive loss	18	(64,586)	(21,822)
Retained earnings	18	106,245	537,099
Controlling interest		672,563	1,205,553
Non-controlling interest	18	-	363
Stockholders' equity		672,563	1,205,916
Total liabilities and stockholders' equity		$ 1,637,818	$ 2,558,225

See accompanying notes to consolidated financial statements.

Vitro, S.A.B. de C.V. and Subsidiaries
Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the years ended December 31, 2023 and 2022
(Thousands of U.S. dollars, except the amounts of earnings per share)

	Notes	2023	2022
Continuing operations			
Net sales	24	$ 310,653	$ 251,807
Cost of sales	23	(159,691)	(151,098)
Gross profit		150,962	100,709
Administrative expenses	23	(95,702)	(75,331)
Distribution and sale expenses	23	(19,122)	(15,776)
Income before other expenses, net		36,138	9,602
Other income	20 a)	14,383	28,922
Other (expenses)	20 b)	(9,389)	(7,208)
Operating income		41,132	31,316
Financial income (cost), net:			
Financial income	21 a)	157,255	87,285
Financial cost	21 b)	(47,239)	(48,941)
Total financial income		110,016	38,344
Share in equity of associated companies	8	154	101
Income before income taxes		151,302	69,761
Income taxes	22	(28,690)	(37,079)
Income from continued operations		$ 122,612	$ 32,682
Discontinued operations			
Income (loss) from discontinued operations, net of tax	26	6,256	(15,298)
Income of the year		$ 128,868	$ 17,384
Other comprehensive (loss) income:			
Items that will not be reclassified to profit or loss:			
Actuarial remeasurements of the defined benefit obligation, net of deferred taxes	16 and 18	$ 55,751	$ (17,078)
Total items that will not be reclassified to profit or loss		$ 55,751	$ (17,078)

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

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the years ended December 31, 2023 and 2022

(Thousands of U.S. dollars, except the amounts of earnings per share)

	Notes	2023	2022
Items that can be reclassified to profit or loss:			
Profit in fair value of hedging financial instruments, net of deferred taxes	17 and 18	$ (22,351)	$ 20,098
Effect of foreign currency translation	18	8,197	(4,893)
Total items that can be reclassified to profit or loss		(14,154)	15,205
Total other comprehensive income (loss)		41,597	(1,873)
Other comprehensive income reclassified to profit or loss from discontinued operations	26	(84,446)	-
Total comprehensive income of the year		$ 86,019	$ 15,511
Total income of the year attributable to:			
Controlling interest			
From continuing operations	18	$ 122,612	$ 32,682
From discontinued operations		6,534	(14,818)
Non-controlling interest			
From continuing operations	18	-	-
From discontinued operations		(278)	(480)
Total income of the year		$ 128,868	$ 17,384
Total comprehensive income of the year attributable to:			
Controlling interest	18	$ 86,382	$ 15,884
Non-controlling interest	18	(363)	(373)
Total comprehensive income of the year		$ 86,019	$ 15,511
Earnings per common share:			
From continuing operations	18	$ 0.2609	$ 0.0695
From discontinued operations		0.0139	(0.0315)

See accompanying notes to consolidated financial statements.

Vitro, S.A.B. de C.V. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Thousands of U.S. dollars)

	Notes	2023	2022
Cash flows in operating activities:			
Income of the year from continuing operations		$ 122,612	$ 32,682
Adjustments for:			
Depreciation and amortization	10,11,13 and 23	15,690	14,632
(Gain) loss on sale of assets	10 and 20	(2,448)	(10,704)
Increase in fair value of investment properties	9 and 20	(6,038)	(10,048)
Share in equity of associated companies	8	(154)	(101)
Income taxes	22	28,690	37,079
Inventory obsolescence reserve	7	-	297
Financial income	21 a)	(59,885)	(54,710)
Derivative financial instruments	17 and 21 b)	9,173	(112)
Effect of unrealized foreign exchange variations		(104,788)	(31,230)
Financial costs	21 b)	38,066	49,053
		40,918	26,838
Changes in working capital:			
Trade accounts receivable, net		5,315	21,378
Inventories		29	(8,337)
Trade accounts payable		(2,938)	(4,595)
Related parties		17,664	31,442
Other current assets		(16,096)	(4,941)
Other short-term liabilities		19,122	5,760
Employee benefits		(5,816)	(6,750)
Income taxes paid		(20,289)	(51,795)
Operating cash flows related to discontinued operations		234,600	265,605
Cash flows generated by operating activities		$ 272,509	$ 274,605

Vitro, S.A.B. de C.V. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Thousands of U.S. dollars)

	Notes	2023	2022
Cash flows in investing activities:			
Purchase of property, plant and equipment		$ (16,078)	$ (7,245)
Proceeds from sale of property, plant and equipment and Investment properties		6,150	6,997
Prepayment for land purchase		-	-
Investment in joint venture		-	(250)
Purchase of intangible assets		(1,306)	(1,432)
Other assets		66,456	(15,158)
Interest collected		54,712	51,594
Investing cash flows related to discontinued operations		(193,217)	(174,266)
Cash flows used in investing activities		(83,283)	(139,760)
Cash flows in financing activities:			
Acquisition of new debt	14	241,200	464,028
Payment of loans	14	(354,900)	(466,534)
Lease payments	11	(913)	(356)
Interest paid		(30,994)	(42,066)
Dividends paid	18	(30,000)	(10,000)
Debt raising cost	14	(562)	-
Derivative financial instruments		1,655	3,127
Notes payable to related parties		46,948	2,628
Financing cash flows related to discontinued operations		7,308	(71,163)
Cash flows used in financing activities		(120,258)	(120,336)
Increase (decrease) in cash and cash equivalents:		68,968	14,509
Cash and cash equivalents as of January 1,		122,699	110,122
Cash disposed on loss of control		(151,402)	-
Effect of foreign exchange variations		(2,659)	(1,932)
Cash and cash equivalents as of December 31		$ 37,606	$ 122,699

During 2023, as a result of the restructure mentioned in notes 2c and 26, the effects of transactions that did not provided or used cash on operating, investing, or financing activities were excluded from the statement of cash flows, since said transactions did not represent inflows or outflows of cash. The main effects include: the sale of businesses for non-cash consideration of $812,519, dividends declared and paid in kind for $530,000, and debt to shareholders through a dividend for $28,040.

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2023 and 2022

(Thousands of U.S. dollars)

	Capital stock	Repurchased shares	Additional paid-in capital	Other comprehensive income	Retained earnings	Controlling interest	Non-controlling interest	Total stockholders' equity
Balances as of December 31, 2021	$ 378,860	$ (32,621)	$ 344,037	$ (19,842)	$ 529,235	$ 1,199,669	$ 736	$ 1,200,405
Transactions with Company's stockholders:								
Dividends paid (Note 18c)	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Comprehensive income:								
Other comprehensive (loss) income (Note 18h)	-	-	-	(1,980)	-	(1,980)	107	(1,873)
Net income	-	-	-	-	17,864	17,864	(480)	17,384
Comprehensive income	-	-	-	(1,980)	17,864	15,884	(373)	15,511
Balances as of December 31, 2022	$ 378,860	$ (32,621)	$ 344,037	$ (21,822)	$ 537,099	$ 1,205,553	$ 363	$ 1,205,916
Transactions with Company's stockholders:								
Dividends paid (Note 18d an e)	-	-	-	-	(560,000)	(560,000)	-	(560,000)
Loss on business disposal (Note 26 and 27)	-	-	(59,372)	-	-	(59,372)	-	(59,372)
Comprehensive income:								
Other comprehensive (loss) income (Note 18h)	-	-	-	(42,764)	-	(42,764)	(85)	(42,849)
Net income	-	-	-	-	129,146	129,146	(278)	128,868
Comprehensive income	-	-	-	(42,764)	129,146	86,382	(363)	86,019
Balances as of December 31, 2023	$ 378,860	$ (32,621)	$ 284,665	$ (64,586)	$ 106,245	$ 672,563	$ -	$ 672,563

See accompanying notes to consolidated financial statements.

1. The Company's activity

Vitro, S.A.B. de C.V. ("Vitro", together with its subsidiaries the "Company") is a holding and operating company whose subsidiaries are engaged in serving diverse markets, including flat glass for the construction and automotive industries, as well as glass containers for the cosmetics, fragrances, pharmaceutical and liquor markets. In addition, Vitro and its subsidiaries are engaged in the manufacture of machinery, equipment and capital assets for industrial use, the manufacture of inorganic chemical products as well as energy commercialization. Vitro's corporate offices are located at Avenida Ricardo Margain Zozaya No. 400, Colonia Valle del Campestre, San Pedro Garza Garcia, Nuevo León, Mexico.

2. Significant events

2023

a) *Debt refinancing*
On September 29, 2023, the Company obtained financing through one of its subsidiaries for $75,000 with a five-year maturity. The proceeds were used to pay long-term bilateral credits. The financing was structured by three different financial institutions: Banorte, Scotiabank and BBVA, the last one being designated as the credit management agent.

b) *Dividends paid*
At the General Ordinary Meeting held on April 19, 2023, the Stockholders agreed to declare and pay a dividend at the rate of $0.0638 per share (see Note 18d), the payment was made on April 28, 2023.

c) *Corporate restructure*
At the General Ordinary Meeting held on December 1, 2023, the Stockholders agreed to a corporate restructure of the Company which main objective is to strengthen the growth of the business in order to have the necessary resources and access to better terms and conditions for equity.

The corporate restructure consisted of the following:

- The agreement to pay a dividend at the rate of $1.1276 per share (see note 18e) paid to its Stockholders starting on December 11, 2023, through non-negotiable promissory notes that 95% of the Stockholders contributed to a new entity constituted as Vitro International Investments, S.à.r.l. ("Vitro International") in exchange for representative shares of this new entity for each contributed dollar.

- Vitro sold its 100%, 51%, and 79.8% ownership over Vitro Automotriz UE, S.L.U., Vitro Empaques, S.L.U., and Vitro Arquitectónico España, S.L.U., respectively, to Vitro Internacional, who made the acquisition through the promissory notes mentioned in the previous paragraph and additional contributions of its Stockholders and third parties. Subsequently, Vitro International contributed $200,000 to Vitro Arquitectónico increasing its total shareholding to 84.44%, leading to a dilution effect for $(708), recognized in equity as these were entities under common control.

The latter had effects as of December 31, 2023, date on which the Company transferred control of said businesses, so the financial information of the sale is presented as a discontinued operation in the consolidated statements of financial position, the consolidated statements of profit and loss and other comprehensive income and in the consolidated statements of cash flows (see note 26 and 27).

2022

a) Credit agreement

On April 13, 2022, the Company entered into a credit agreement with BBVA for an amount of $70,000 with a five-year maturity, the proceeds have been allocated to the construction of a new container furnace at its plant located in Toluca, Estado de México, in order to offset the increase in demand for glass containers in the segments in which Vitro participates (See Note 14).

b) Dividends paid

At the General Ordinary Meeting held on November 15, 2022, the Stockholders agreed to declare and pay a dividend at the rate of $0.0212 per share (see Note 18c), the payment was made on November 25, 2022.

3. Basis of preparation and Consolidation

a) Basis of preparation

The consolidated financial statements as of December 31, 2023 and 2022, and for the years then ended, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, which includes the revaluation of the assumed cost, except for certain financial instruments which are recorded at fair value and investment properties which are recorded at fair value. Generally, historical cost is based on the fair value of the consideration given in exchange for the assets.

i. New standards adopted during the period of 2023

- IFRS 17 – Insurance contracts
- Disclosure of accounting policies (*amendments to IAS 1 and IFRS 2*)
- Definition of accounting estimates (*amendments to IAS 8*)
- Deferred income tax related to assets and liabilities arising from a single transaction (*amendments to IAS 12*)
- International tax reform – Pillar two model rules (*amendments to IAS 12*)

The implementation of these new standards and amendments did not have a material impact on the Company's consolidated financial statements.

ii. New standards not adopted

As of the date of these consolidated financial statements, the Company has not adopted the following new and revised IFRS Standards, that have been issued but are not yet effective:

- Amendments to IFRS 16 – Lease liability on a sale and leaseback (1)
- Amendments to IAS 7 and IFRS 7 – Supplier financing agreements (1)
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (1)
- Amendments to IAS 1 – Classification of debt with covenants (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 (3)

(1) *Effective for annual periods beginning on or after January 1, 2024.*

(2) *Effective for annual periods beginning on or after January 1, 2025.*

(3) *Effective date of amendments has yet to be set by the IASB.*

Management does not expect the adoption of the aforementioned new standards and amendments to have a significant impact on the Company's consolidated financial statements in future periods.

b) Basis of consolidation of financial statements

The financial statements include those of Vitro and its subsidiaries, which it has control. Control is obtained when the Company: 1) has power over an entity, 2) is exposed to, or has rights to, variable returns from its participation in the investment, and 3) has the ability to affect such returns through the exercise of its power. Power is the actual ability to direct the relevant activities of an entity. Intercompany balances and transactions have been eliminated in these consolidated financial statements. Investments in associates and other unconsolidated investments in which significant influence is held are valued by the equity method and at acquisition cost, respectively (Note 8).

The accounting method used by the Company for business combinations is the acquisition method. The Company defines a business combination as a transaction in which it obtains control over an entity, from which it has the ability to direct and administer the relevant activities of the assets and liabilities of the business with the objective of generating returns in the form of dividends, less costs or other direct economic benefits to the stockholders.

The consideration paid for the acquisition of a subsidiary is the fair value of the transferred assets, the liabilities incurred, and the equity shares issued by the Company.

Under common control transactions the Company applies the accounting for business combinations using the predecessor accounting method. This method consists in the incorporation of the book value of the acquired entity. The fair value is not required, and the transaction does not generate goodwill. Any difference between the paid consideration and the book value of the net acquired assets at the subsidiary level is recognized in equity.

In addition, the Company uses this same method for common control transactions that result in the loss of control of one of its subsidiaries. Any difference between the received consideration and the book value of the net disposed assets is recognized in equity.

As of December 31, 2023, the main entities controlled by Vitro and its shareholding are as follows:

CHEMICALS	Industria del Álcali, UE, S.L.U. (1)	100.00%		
CORPORATE	Aerovitro, S.A. de C.V.	100.00%	Aerovitro S.A. de C.V.	100%

As of December 31, 2022, the main entities controlled by Vitro and its shareholding are as follows:

FLAT GLASS	Vitro Arquitectónico España, S.L.U. (1) (2)	100.00%		
	Vitro Automotriz UE, S.L.U. (1) (2)	100.00%		
	Cristales Automotrices, S.A. de C.V.	51.00%		
	Cristales y Servicios, S.A. de C.V.	51.00%		
CHEMICALS	Industria del Álcali, UE, S.L.U. (1)	100.00%		
CONTAINERS	Vitro Empaques, S.L.U. (1) (2)	100.00%		
	Fabricación de Maquinas S.A. de C.V.	100.00%	Vitro Automatización, S.A. de C.V.	100.00%
CORPORATE	Aerovitro, S.A. de C.V.	100.00%	Vitro Vidriera Monterrey, S.A. de C.V.	100.00%

(1) Spanish companies
(2) Companies sold on December 31, 2023 (See note 2c and 26)

The proportion of voting rights held by the Company in entities over which it exercises control is equal to its equity interest.

c) Functional and presentation currency

The functional and presentation currencies of the main countries in which Vitro has operations are as follows:

Country	Presentation Curency	Functional Currency	Tipo de cambio de cierre al 31 de diciembre de 2023	Tipo de cambio de cierre al 31 de diciembre de 2022	Tipo de cambio promedio al 31 de diciembre de 2023	Tipo de cambio promedio al 31 de diciembre de 2022
U.S.	U.S. Dollar	U.S. Dollar	$ 1.0000	$ 1.0000	$ 1.0000	$ 1.0000
Mexico	Peso	U.S. Dollar/Peso	$ 0.0591	$ 0.0514	$ 0.0582	$ 0.0510
Canada	Canadian Dollar	Canadian Dollar	$ 0.7585	$ 0.7377	$ 0.7480	$ 0.7378
Colombia	Colombian Peso	Colombian Peso	$ 0.0003	$ 0.0002	$ 0.0003	$ 0.0002
Poland	Polish Zloty	Polish Zloty	$ 0.2544	$ 0.2278	$ 0.2525	$ 0.2241

The presentation currency is dollars of the United States of America. In these financial statements and the notes thereto, when reference is made to dollars or "$", it refers to amounts rounded to thousands of dollars of the United States of America; likewise, when reference is made to "Ps.", it refers to Mexican pesos.

d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires the Company's to make certain estimates and use certain judgments to measure certain items in the financial statements and to make the disclosures required therein. The Company's administration, applying professional judgment, believes that the estimates and judgments used were appropriate in the circumstances; however, actual results may differ from those estimates.

Estimates and related judgments are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is changed if the change affects only that period; or the current period and future periods if the revision affects both current and future periods.

The critical accounting judgments and key sources of uncertainty in applying estimates made at the date of the consolidated financial statements that have a significant risk of resulting in an adjustment to the carrying amounts of assets and liabilities during the next financial period are as follows:

A. Judgments

i. Going concern

Management evaluates the capacity of the Company to continue as a going concern for at least 12 months after the issuance of this financial statements.

ii. Functional Currency

To determine the functional currency of the subsidiaries, Management evaluates the economic environment in which it primarily generates and disburses cash. For this purpose, factors related to sales, costs, sources of financing and cash flows generated by the operation are considered.

iii. Estimated lease term

The Company participates in lease contracts that do not have a defined mandatory term, a defined renewal period (if they contain a renewal clause), or automatic annual renewals; therefore, to measure the lease liability, the Company estimates the term of the contracts considering its contractual rights and limitations, its business plan, as well as management's intentions for the use of the underlying asset. Additionally, the Company considers the early termination clauses of its contracts and the probability of exercising them, as part of its estimate of the lease term.

iv. Common control transactions

As mentioned in note 2c, a corporate restructure was approved in which Vitro sold 100%, 51% and 79.8% of its shareholding in Vitro Automotriz UE, S.L.U., Vitro Empaques, S.L.U. and Vitro Arquitectónico España, S.L.U. businesses, respectively, to Vitro International.

At the date of the restructure, as there is no controlling entity over Vitro and Vitro Intenrantional, and no person or family holds more than 50% of the shares, amongst other factors, there are elements to conclude that there is no direct "common control". Therefore, the Company analyzed that although there is no direct "common control", there is "common ownership" and considering that the IFRS do not establish a specific treatment for this, and applying judgement, in practice these transactions can be accounted as if they were of common control using the predecessor accounting method previously described. The Company accounted the accounting effects of the corporate restructure as a common control transaction, recognizing the difference between the book value of the net disposed assets and the received consideration directly in equity.

B. Estimates

v. Assessments to determine the recoverability of accounts receivable.

The Company makes an allowance for doubtful accounts based on the expected loss model required by IFRS 9, and additionally takes into consideration factors such as the financial and operating situation of customers, the condition of past due accounts, as well as the economic conditions of the country in which they operate.

vi. Assessments to determine obsolescence and slow-moving of inventories

The Company makes an estimate for obsolete and/or slow-moving inventories, considering its internal control process and operating and market factors of its products. This estimate is reviewed periodically and is determined considering the turnover and consumption of raw materials, work in process and finished products, which are affected by changes in production processes and changes in market conditions in which the Company operates.

vii. Evaluations to determine the recoverability of deferred tax assets

As part of the Company's tax analysis, the projected tax result is determined annually based on judgments and estimates of future operations, to conclude on the probability of recoverability of deferred tax assets.

viii. Useful lives of intangible assets and property, plant and equipment.

The useful lives of both intangible assets and property, plant and equipment are used to determine the amortization and depreciation of assets and are defined according to the analysis of internal and external specialists. The useful lives are reviewed periodically at least once a year and are based on the current condition of the assets and the estimate of the period during which they will continue to generate economic benefits to the Company. If there are changes in the estimated useful lives, the carrying value of the assets is affected prospectively, as well as the amortization or depreciation expense, as appropriate.

ix. Impairment of long-lived assets

The carrying value of long-lived assets is reviewed for impairment if situations or changes in circumstances indicate that it is not recoverable. If there are indications of impairment, a review is performed to determine whether the carrying amount exceeds its recoverable amount and is impaired.

x. Employee retirement benefits

The company uses assumptions to determine the best estimate of these benefits. The assumptions and estimates are established in conjunction with independent actuaries. These assumptions include demographic assumptions, discount rates and expected increases in compensation, future tenure, and the change in the value of plan assets, among others. Although the assumptions used are considered to be appropriate, a change in these assumptions could affect the value of the employee benefit liabilities and the results of the period in which they occur.

xi. Estimated discount rate to calculate the lease liability

The Company estimates the discount rate to be used in the determination of the lease liability based on the incremental borrowing rate ("IBR") using a three-level model: (i) reference rate, (ii) credit risk component and (iii) adjustment for characteristics of the underlying asset. In this model, management also considers its policies and practices for obtaining financing, mainly considering the type of asset, the currency in which the contract is agreed and the term of the contract.

xii. Contingencies

Due to their nature, contingencies can only be resolved when one or more future events occur or do not occur, or one or more uncertain events that are not entirely within the Company's control. The assessment of such contingencies requires significant judgment and estimation of the possible outcome of those future events. The Company assesses the probability of loss from litigation and contingencies in accordance with estimates made by its legal advisors. These estimates are reconsidered periodically.

e) Cost and expense classification

The costs and expenses presented in the statement of comprehensive income were classified according to their function.

4. Material accounting policies

The material accounting policies of the Company are as follows:

a) Foreign currency

The individual financial statements of each of the Company's subsidiaries are prepared in the currency of the primary economic environment in which the Company operates (its functional currency). To consolidate the financial statements of foreign subsidiaries, they are translated from the functional currency into the reporting currency. The financial statements are translated into U.S. dollars (the reporting currency), considering the following methodology:

- The transactions where the recording and functional currency is the same, translate their financial statements using the following exchange rates: (i) the closing exchange rate for assets and liabilities and (ii) the weighted average for revenues, costs and expenses, as they are deemed representative of the existing conditions at the transaction date. Translation adjustments resulting from this process are recorded in other comprehensive income (loss). The adjustments related to goodwill and fair value generated from the acquisition of a foreign transaction are deemed assets and liabilities of such transaction and are translated at the exchange rate in effect at year end.

- Foreign currency transactions are recorded at the exchange rate in effect at the applicable translation date. Monetary assets and liabilities denominated in foreign currency are stated at the exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded in the consolidated statements of profit or loss and other comprehensive income. Foreign currency transactions, whether they are financial items or not, are registered in the currency of the transaction. Subsequently, they are translated to the functional currency for consolidation and to the reporting currency which are both the U.S. dollar.

b) Cash and cash equivalents

Cash and cash equivalents consist mainly of bank deposits in checking accounts and short-term investments in securities, highly liquid and easily convertible into cash in a period no longer than three months. Cash is stated at nominal value and cash equivalents are valued at fair value. Any cash equivalent which liquidity is longer than three months is presented in the other current assets line item. Any cash equivalent whose use has been restricted is classified as restricted cash.

c) *Financial instruments*

Financial assets and liabilities are initially recognized and measured at fair value. The costs of the transaction that are directly attributable to the acquisition or issuance of a financial asset or liability (different from financial assets and liabilities recognized at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and liabilities at their initial recognition. The costs of the transaction directly attributable to the acquisition of financial assets or liabilities that are recognized at fair value through profit or loss are recognized immediately in the income or loss of the year.

Financial assets

The Company subsequently classifies and measures its financial assets based on the Company's business model to manage its financial assets, as well as the characteristics of the contractual cash flows of those assets. In this way, financial assets can be classified at amortized cost and effective interest method, at fair value through other comprehensive income, and at fair value through profit or loss.

All financial assets are recognized and written off at the trade date, whereby a purchase or sale of a financial asset is under an agreement with terms thar require the delivery of the asset within a period that is generally established by the corresponding market, and is initially valued at fair value, plus the transaction costs, except for those financial assets classified as at fair value with changes through profit or loss, which are initially valued at fair value, without including the transaction costs.

Financial assets and liabilities are offset, and the net balance is presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the corresponding balances and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

i. *Financial assets at amortized cost*

Financial assets at amortized cost are those that i) are kept within a business model whose objective is to maintain such assets to obtain the contractual cash flows and ii) the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are only payments of the principal and interest on the amount of the outstanding principal.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition less principal reimbursements, plus accumulated amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting any allowance for losses.

ii. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those whose business model is based on obtaining contractual cash flows and selling financial assets, in addition to their contractual conditions giving rise, on specified dates, to cash flows, which are only payments of the principal and interest on the amount of outstanding principal.

iii. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those that do not comply with the characteristics to be measured at amortized cost or at fair value through other comprehensive income, since: i) they have a business model different from those that seek to obtain contractual cash flows or obtain contractual cash flows and sell the financial assets, or, ii) the cash flows they generate are not only payments of the principal and interest on the amount of the outstanding principal.

The Company's model is to maintain financial assets to collect contractual flows. There is a segment of accounts receivable that are subject to a transfer of collection rights (with no recourse) through the use of financial factoring. The purpose of these operations is to accelerate the collection of the nominal amount documented in certain accounts receivable generated by the supply of goods and in some clients chosen by the financial counterparty (see Note 6) and thus optimizing the Company's cash flows. The scheme is that of a financial factoring without recourse and under the delegated collection modality (it is Vitro who receives the cash flows associated with this collection and immediately pays the financial counterparty), through which the collection rights of certain invoices to chosen clients, who once it accepts them, the collection rights are contractually transferred under the Financial Factoring contract, thus replacing the issuer (Vitro's operating subsidiaries) of the billing and receiving the nominal amount of accepted invoices, less a financial discount. It should be noted that the risks (mainly that of non-collection) and benefits of these operations are transferred to a structured entity, which is controlled by a third party, remaining as a free commission agent to receive payments of these accounts receivable. For accounting purposes, these particular operations and for the eligible portfolio, follow a trading business model; however, they are recognized at the nominal value of the invoices and, since the recovery periods are short, such value is similar to the fair value at the moment of initial recognition and the moment that elapses, between the issuance of the eligible invoices and the acceptance by the financial counterparty. It is until the moment in which the acceptance by the financial counterparty is perfected under the Financial Factoring contract, when Vitro temporarily recognizes a collection right towards this (settlement account) and simultaneously affects as financial expense, the amount that financial institution adjusts by providing liquidity prior to collection, until it recognizes the settlement of the account receivable at its adjusted value for financial cost, proceeding to remove the collection right towards Santander from the Company’s financial position. Although subsequently, Vitro and in order to maintain the commercial relationship with these clients, whose invoices were subject to the Financial Factoring scheme, continues to act as the collector on the U.S. and Canadian side, while the Mexican side a trust was created with Actinver acting as the receiver of the collection, when these nominal funds arrive, they are immediately turned over to the financial counterparty.

Derecognition of financial assets

The Company derecognizes a financial asset when:

– the contractual rights to the cash flows of the financial asset expire; or

– it transfers the rights to receive the contractual cash flows in a transaction where:

- all the risks and rewards of ownership of the financial asset are substantially transferred; or

- the Company does not substantially transfer or retain all the risks and rewards of ownership and does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets previously recognized in its statement of financial position; in these cases, the transferred assets are derecognized.

Impairment of financial assets

As of December 31, 2023 and 2022, the Company recognizes an allowance for impairment of financial assets on an expected credit loss approach, such as trade receivables and sundry debtors. The credit losses expected in these financial assets are estimated using a calculation model based on the historical experience of credit losses of the Company, adjusted to the factors that are specific to the debtors, the general economic conditions, and an evaluation of both of the current management and the conditions existing at the date of the report, including the time value of the money, when appropriate.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. For exposure at default, for financial assets, this is represented by the gross carrying amount of the assets at the reporting date; for financial guarantee contracts, the exposure includes the amount stated at the reporting date, together with any additional amounts expected to be obtained in the future per default date determined based on historical trend, the Company's understanding of the specific financial needs of the debtors, and other relevant forward-looking information.

The Company adopted a simplified model for calculating expected losses, through which it recognizes the expected credit losses during the lifetime of the account receivable. The model consists of determining the average write-off of accounts receivable for each customer, which is defined as the default threshold. The Company then determines the average value of accounts receivable for the last twelve months that have exceeded the default threshold, which is used as the basis for the calculation. The percentage to be applied to this base amount is the percentage that represents the average of the accounts receivable that exceeds the default threshold divided by the average sales of the last twelve months. This methodology imposes a provision on the initial recognition of the accounts receivable in order to determine the impairment of accounts receivable. For certain categories of financial assets such as trade accounts receivable, assets that have been subjected to impairment tests and that have not suffered individually, are included in such assessment on a collective basis. Before the objective evidence that an accounts receivable portfolio could be impaired, the Company's past experience with regards to collection, an increase in the number of overdue payments in the portfolio that exceed the average credit period, as well as observable changes in international and local economic conditions that correlate with the default in payments could be included.

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

For financial assets recorded at amortized cost, the amount of impairment loss recognized is the difference between the carrying amount of the asset and the present value of future collections, discounted at the original effective interest rate of the financial asset. The carrying amount of the financial asset is reduced for the impairment loss directly for all financial assets, except for trade accounts receivable, where the carrying amount is reduced through an account for allowance doubtful accounts. When a doubtful account is deemed uncollectible, it is eliminated against the allowance. The subsequent recovery of the previously eliminated amounts is converted to credits against the allowance. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or the borrower.
- A breach of contract such as a default or past due event.
- The lenders of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, grant the borrower a concession that the lender would not otherwise consider.

- It is increasingly likely that the debtor will go into bankruptcy or some other financial reorganization.
- The extinction of a functional market for the financial asset due to its financial difficulties.

Financial liabilities

Financial liabilities at fair value with changes through profit or loss.

Financial liabilities are classified at fair value through profit or loss when the financial liability is (i) contingent consideration from an acquirer in a business combination, (ii) held for trading or (iii) designated as fair value through profit or loss.

A financial liability is classified as held for trading purposes if:

- It is acquired mainly in order to repurchase it in the near future; or
- It is part of an identified financial instrument portfolio managed jointly, and for which there is evidence of a recent pattern of taking short-term profits; or
- It is a derivative that has not been designated as a hedging instrument or does not meet the conditions to be effective.

A financial liability that is not held for trading purchasing or contingent consideration of an acquirer in a business combination may be designated as fair value through profit or loss on initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability is part of a company of financial assets or liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the group is provided internally on that basis; or
- It is part of an agreement that includes one or more embedded derivative instruments, and IFRS 9 allows the entire combined contract to be designated as fair value through profit or loss.

Financial liabilities at fair value through profit or loss are recorded at fair value, with any gain or loss arising on remeasurement recognized in the statement of comprehensive income.

Financial liabilities measured at amortized cost

Other financial liabilities, including loans, are initially valued at fair value, net of costs of the transaction, and are subsequently valued at amortized cost using the effective interest rate method, and interest expenses are recognized on an effective return base.

The effective interest rate method is a method for the calculation of the amortized cost of a financial liability and of the assignment of the financial expense along the period concerned. The effective interest rate is the rate that exactly discounts the estimated cash payments along the expected life of the financial liability (or, where adequate, in a shorter period), which represents the net amount in books of the financial liability at its initial recognition.

Derecognition of financial liabilities

The Company writes off financial liabilities if, and solely if, the obligations are met, cancelled or expired. The difference between the carrying amount of the financial liability written off and the consideration paid and payable is recognized in profit or loss.

When the Company exchanges with the existing lender one debt instrument for another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability prior to the modification; and (2) the present value of the cash flows subsequent to the modification should be recognized in profit or loss as an extinguishment gain or loss, within other income or expenses.

The costs for obtaining and issuing a new debt are capitalized within the consolidated statement of financial position, except for those costs associated with debt settlement, provided that both debts are with the same creditor.

If a debt is settled, the capitalized costs associated with such debt are canceled by recording them in profit or loss on the settlement date.

d) *Inventories*

Inventories are valued at the average purchase price or average production cost, provided they do not exceed the net realizable value. Cost of sales is determined applying these averages upon sale.

Net realizable value is the selling price estimated during the regular course of business, less estimated termination costs and selling costs.

The Company uses the absorption cost system to determine the cost of inventories of production-in-progress and finished goods, which includes both direct costs and those indirect costs and expenses related to production processes.

e) *Assets held for sale and discontinued operations*

Long-term assets are classified as held for sale if their carrying amount will be recovered through a sale transaction and not through their continuous use. This condition is deemed met solely when the sale is highly probable and the asset (or group of assets for sale) is available for immediate sale in its current condition, once classified as assets held for sale, these assets are no longer depreciated. They are presented in the consolidated statements of financial position in the short term, according to the realization plans, and they are recorded at the lesser of their carrying amount or fair value less costs of sale.

Discontinued operations

A discontinued operation is a component of the Company's business which operations and cash flows can be easily distinguished from the rest of the Company and that:

- represent a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a major line of business or geographical area of operations;
- is a subsidiary acquired with the sole purpose to sell it.

Classification as a discontinued operation occurs in the moment in which it is sold or when the operations meet the criteria to be classified as held for sale, whatever happens first.

When an operation is classified as a discontinued operation, the comparative financial statement of profit or loss and other comprehensive income is presented as if the operation had been discontinued since the beginning of the comparative year.

Considering the disposal of Vitro Automotriz UE, S.L.U., Vitro Empaques, S.L.U., and Vitro Arquitectónico España, S.L.U businesses during the year ended December 31, 2023, the consolidated financial statement of income or loss and other comprehensive income disclose in the "Discontinued Operations" item the results of those businesses for the years ended December 31, 2023 and 2022, and the accumulated currency translation effects and the fair value of the financial instruments that at the date of the loss of control were recycled to results under the requirements of IAS 21 and IFRS 9, respectively (see note 26).

f) *Investment in associated companies and other investments*

An associated company is a company in which the Company has significant influence. Significant influence is the power to participate in the definition of financial and operating policies of an entity, but it does not have control or joint control on such policies.

The results, assets and liabilities of the associated companies are included in the Company's consolidated financial statements using the equity method. Under this method, an investment in an associated company is recognized in the consolidated statements of financial position at cost. When the comprehensive loss of an investment in an associated company exceeds the Company's equity in its capital, the Company discontinues the recognition of such losses. Additional losses are recognized up to the amount of the Company's obligations and legal commitments for its equity in the associated company.

Any excess of acquisition cost of the Company's equity in an associated company on the net fair value of identifiable assets, liabilities and contingent liabilities of such associated company is recognized as goodwill, which is included at the carrying amount of such investment. Any excess of net fair value of the identifiable assets, liabilities and contingent liabilities on the acquisition cost of an associated company is recognized in current earnings.

The results, assets and liabilities of other investments are included in the Company's consolidated financial statements at acquisition cost. Other investments are analyzed when there are indications of impairment, in which case the recovery value of such other investments is compared to the book value.

g) *Property, plant and equipment*

Land and buildings, machinery and equipment held for use in production for rendering services or for administrative purposes are recognized in the consolidated statement of financial position at historical costs, less accumulated depreciation or accumulated impairment losses.

Depreciation is recorded in earnings and is calculated using the straight-line method based on the remaining useful lives of the assets, which are reviewed annually with the residual values, and the effect of any change in the recorded estimate is recognized on a prospective basis. The assets related to finance leases are depreciated in the shorter period between the lease and their useful lives, unless it is reasonably certain that the Company will obtain the ownership at the end of the lease period.

The estimated useful lives for the main classes of fixed assets that correspond to current and comparative periods are as follows:

	Years
Buildings	15 to 50
Machinery and equipment	3 to 30

When components of building, machinery and equipment have different useful lives, they are recorded as separate items (significant components) of buildings, machinery and equipment.

Gains and losses on the sale of land and buildings, machinery and equipment are determined by comparing the proceeds from the sale with the carrying amount of the item and are recognized net within other (income) and expenses, in income.

Investments in process are recorded at cost less any impairment loss recognized. The cost of assets constructed by the Company include cost for constructing the asset, as well as the cost for dismantling, removing items, restoring the place where they are located, and the costs for capitalized loans, according to the Company's policy. The depreciation of these assets, as in other properties, commences when the assets are ready for use and the conditions necessary for operation are met.

h) *Investment properties*

Investment properties are those held to obtain rents and increase in value (including investment properties under construction for such purposes), and are initially valued at acquisition cost, including the costs incurred in the related transactions. After the initial recognition, investment properties are valued at fair value. The fair value of the investment properties is determined annually through appraisals performed by an expert appraiser, who uses different valuation techniques such as observable markets, amortized costs, among others. Gains or losses arising from changes in the fair value of the investment properties are included in other (income) expenses in the consolidated statements of profit or loss and other comprehensive income in the period in which they arise.

An investment property is eliminated upon disposal or when it is permanently retired from use and no future economic benefits are expected from the disposal. Any gain or loss arising from derecognition of the property (calculated as the difference between net income from disposal and the carrying amount of the asset) is recognized in earnings in the consolidated statements of comprehensive income in the period in which the property is derecognized.

i) *Leases*

The Company evaluates whether a contract is or contains a lease agreement, at the beginning of the contract term. A lease is defined as a contract in which the right to control the use of an identified asset is granted, for a specific term, in exchange for a benefit. The Company recognizes a right-of-use asset and a corresponding lease liability, with respect to all lease contracts in which it operates as a lessee, except in the following cases: short-term leases (defined as leases with a term of lease less than 12 months); leases of low-value assets (defined as leases of assets with an individual market value of less than $ 7.5 (seven thousand five hundred dollars)); and lease contracts whose payments are variable (without any contractually defined fixed payment). For these contracts that exclude the recognition of a right-of-use asset and a lease liability, the Company recognizes rent payments as an operating expense in a straight line during the term of the lease.

The right-of-use asset is measured at cost and consists of of lease payments discounted at present value; direct costs to obtain a lease; advance lease payments; and the obligations of dismantling or removal of assets. The Company depreciates the right-of-use asset during the shortest period of the lease term and the useful life of the underlying asset, beginning on the start date of the lease; in this sense, when a purchase option in the lease is likely to be exercised, the right-of-use asset depreciates in its useful life. The right-of-use asset is tested for impairment when there are indications, in accordance with the long-lived asset impairment accounting policy.

The lease liability is measured in its initial recognition by discounting at present value the minimum future payments according to a term, using a discount rate that represents the cost of obtaining financing for an amount equivalent to the value of the contract, for the acquisition of the underlying asset, in the same currency and for a term similar to the corresponding contract (incremental loan rate). When the contract payments contain non-lease components (services), the Company has chosen, for some asset classes, not to separate them and measure all payments as a single lease component; however, for the rest of the asset classes, the Company measures the lease liability only considering the payments of components that are leases, while the services implicit in the payments are recognized directly in profit or loss as operating expenses.

In determining the term of the lease, the Company considers the mandatory term, including the likelihood of exercising any right to extend the term and/or an early exit.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the rental payments made.

When there are changes to the lease payments for inflation, the Company remeasures the lease liability from the date on which the new payments are known, without reconsidering the discount rate. However, if the changes are related to the term of the contract or to the exercise of a purchase option, the Company re-evaluates the discount rate in the liability remeasurement. Any increase or decrease in the value of the lease liability after this remeasurement is recognized by increasing or decreasing to the same extent, as the case may be, the value of the right-of-use asset.

Finally, the lease liability is written off at the time the Company settles all the contract's payments. When the Company determines that it is likely that it will exert an early exit from the contract that merits a cash outlay, such consideration is part of the remeasurement of the liability quoted in the preceding paragraph; however, in those cases in which the early termination does not imply a cash outlay, the Company cancels the lease liability and the corresponding right-of-use asset, immediately recognizing the difference between them in the consolidated statement of profit or loss.

In addition, the Company does not have any significant lease agreements in which it acts as lessor. During the year, the Company did not receive any rental concessions that required special treatment.

j) Borrowing costs

The costs for loans directly attributable to the acquisition, construction or production of qualifying assets, which are assets that require a substantial period until they are ready to use, are added to the cost of those assets. Capitalization of loan costs ceases at the time that the assets are available for use. The income obtained from the temporary investment of specific loans to be used in qualifying assets, is deducted from costs for loans eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period they are incurred.

k) Intangible assets

Intangible assets with finite and indefinite lives

Intangible assets that are acquired by the Company, and which have finite useful lives are recorded at cost less accumulated amortization and accumulated impairment losses. The estimated useful lives and amortization method are reviewed at the end of each year, and the effect of any change in the recorded estimate is recognized prospectively.

Intangible assets with indefinite useful lives are not amortized and are annually subject to impairment tests.

l) Goodwill

Goodwill arises from a business combination and is recognized as an asset at the date control is acquired (acquisition date). Goodwill is the excess of the consideration transferred on the fair value at the acquisition date of the identifiable assets acquired and liabilities assumed. When the fair value of the identifiable net assets of the acquired exceeds the sum of the consideration transferred, the amount of such excess is recognized in the consolidated statement of comprehensive income as a gain on purchase. Goodwill is not amortized and is subject to annual impairment tests.

For the purposes of the evaluation of the impairment, goodwill is assigned to each of the cash generating units for which the Company expects to obtain benefits. If the recoverable amount of the cash-generating unit is less than the amount in books of the unit, the impairment loss is allocated first in order to reduce the amount in books of the goodwill allocated to the unit and then to the other assets of the unit, proportionally, on the basis of the amount in books of each asset in the unit. Impairment loss recognized for goodwill purposes cannot be reversed in a subsequent period.

Upon disposal of a subsidiary, the amount attributable to goodwill is included in the determination of the profit or loss on the disposal.

m) Impairment of tangible and intangible assets

The Company reviews the carrying amounts of its tangible and intangible assets to determine if there is any indicator that those assets have suffered any impairment loss. If there is any indicator, the recoverable amount of the asset is calculated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which such asset belongs. When a reasonable and consistent basis of distribution can be identified, corporate assets are also assigned to the individual cash generating units, or otherwise, are assigned to the smallest group of cash generating units for which a reasonable and sound distribution base can be identified. Intangible assets that have an indefinite useful life are subject to impairment tests at least annually, and whenever there is an indicator that the asset may have been impaired.

The recoverable amount is the higher between the fair value less cost to sell it and the value in use. Value in use calculations require the Company to determine the future cash flows generated by the cash generating units and an appropriate discount rate to calculate the present value thereof. The Company uses cash flow projections of revenues using estimates of market conditions, future pricing of its products and production and sales volumes. Likewise, for discount rate and perpetuity growth purposes, indicators of market risk premiums and long-term growth expectations in the markets in which the Company operates are used.

The Company estimates a pre-tax discount rate for goodwill impairment testing purposes that reflects current assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. The discount rate estimated by the Company is based on the weighted average cost of capital of similar entities. In addition, the discount rate estimated by the Company reflects the return that investors would require if they were to make an investment decision on an equivalent asset in terms of cash flow generation, timing and risk profile.

If it is estimated that the recoverable amount of an asset (or cash-generating unit) is less than it is carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for that asset (or cash-generating unit) in prior years, except for goodwill whose loss due to impairment is not reversed.

External and internal indicators are subject to annual evaluation.

n) *Derivative financial instruments and hedging operations*

The Company's activities expose it to a variety of financial risks, including foreign exchange risk, interest rates and price risk such as generic goods, mainly that of natural gas.

The Company's policy is to contract derivative financial instruments ("DFI's") in order to mitigate and cover the exposure to which it is exposed, given its productive and financial transactions. The Company designates these instruments either as fair value hedges, cash flow hedges or hedges of a net investment in a foreign operation.

There is a Risk Committee, which is responsible for enforcing risk management policies, as well as for monitoring the proper use of financial instruments contracted by the Company.

The Committee is composed by several of the Company's officials. In addition, to perform this type of transactions an authorization from the Board of Directors is required.

The Company recognizes all derivative financial instruments in the consolidated statement of financial position at fair value, regardless of the intention of its holding. In the case of hedging derivatives, the accounting treatment depends on whether the hedging is of fair value or cash flows. DFI's negotiations may include considerations agreements, in which case, the resulting amounts are presented on a net basis.

The fair value of financial instruments is determined by recognized market prices and when instruments are not traded in a market; it is determined by technical valuation models recognized in the financial field using inputs such as price, interest rate and exchange rate curves, which are obtained from different sources of reliable information.

When derivatives are contracted in order to cover risks and comply with all the hedge accounting requirements, their designations are documented describing the purpose, features, accounting recognition and how the measurement of effectiveness will be carried out.

The Company designates certain derivatives as hedging instruments in respect to rate risk cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes resulting from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of the hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement, but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Company designates the full change in the fair value as the hedging instrument for all of its hedging relationships involving forward contracts.

The Company shall cease to apply the specific policy of assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from the reform of the reference interest rate is no longer present with respect to the timing, and the amount of cash flows based on the interest rate of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Company will no longer apply the specific policy when the uncertainty arising from the reform of the reference interest rate on the timing and amount of future cash flows based on the interest rate of the hedged item is no longer present, or when the hedging relationship is discontinued.

The Company designates certain derivatives as hedging instruments in relation to the interest rate risk in cash flow hedges.

The Company designates certain derivatives as hedging instruments after their contractual beginning date; therefore, the initial value of this instruments at their designation moment is reclassified from other comprehensive income to profit or loss during the life of the hedge.

o) *Provisions*

Provisions are recognized for current obligations that arise from a past event that will probably result in the use of economic resources, and that can be reasonably estimated. For the purpose of accounting records, provisions are discounted at present value when the discount effect is material. Provisions are classified as current or non-current based on the estimated time period to meet the obligations that are covered. When the recovery of a third of some or all the economic benefits required to settle a provision is expected, an account receivable is recognized as an asset if it is virtually certain that the payment will be received, and the amount of the account receivable can be valued reliably.

p) *Income taxes*

Income taxes for the year include the current and deferred income tax. Current taxes and deferred taxes are recognized in profit or loss, except when they are related to a business combination, or items recognized directly in stockholders' equity, or in other comprehensive income (loss).

The Company has determined that the complementary minimum global tax that it needs to pay according to the Pillar Two legislation, in an income tax under the scope of IAS 12. The Company has applied a temporary mandatory global exception to the accounting of the deferred tax for the impacts of the complementary tax and accounts it as current tax when it is incurred.

Current income tax is the tax expected to be paid or received. The income tax payable in the fiscal year is determined according to the legal and tax requirements, applying tax rates enacted or substantially enacted as of the report date, and any adjustment to the tax payable with respect to prior years.

Deferred income tax is recorded using the asset and liability method, which compares the accounting and tax values of the Company's assets and liabilities, and deferred taxes are recognized with respect to the temporary differences between such values. No deferred income taxes are recognized for the following temporary differences: the initial recognition of assets and liabilities in a transaction other than a business acquisition and that does not affect the accounting or tax result, and differences related to investments in subsidiaries and joint ventures to the extent it is probable that they will not be reversed in a foreseeable future. In addition, deferred income taxes for taxable temporary differences arising from the initial recognition of goodwill are not recognized. Deferred income taxes are calculated using rates that are expected to apply to temporary differences when they are reversed, based on enacted laws or which have been substantially enacted at the reporting date.

Deferred income tax assets and liabilities are offset only if there is a legally enforceable right to offset current income tax assets and liabilities, and they correspond to the income tax levied by the same tax authority and to the same tax entity, or on different tax entities, and current tax assets and liabilities are intended to settled on a net basis or their tax assets and liabilities are simultaneously materialized.

A deferred income tax asset is recognized for tax loss carryforwards, tax credits and deductible temporary differences, to the extent that it is probable that there is taxable income to which they can be applied. Deferred income tax assets are reviewed at the reporting date and are reduced to the extent that the realization of the corresponding tax benefit is no longer likely.

Management periodically evaluates positions exercised in tax returns with respect to situations where applicable law is subject to interpretation. Provisions are recognized when appropriate based on the amounts expected to be paid to the tax authorities. Deferred income tax assets are recognized only when it is probable that future taxable profit will be available against which deductions for temporary differences can be used.

q) *Employee benefits*

i. *Defined benefit plans*

Pension plans

A defined benefit plan is a benefit plan at the end of a labor relationship different from one of defined contributions. The Company's net obligations with respect to the defined-benefit pension plans are calculated separately for each plan, estimating the amount of future benefit accrued by employees in return for their services in ongoing and past periods; that benefit is discounted to determine its present value, and the fair value of the plan assets is deducted. The discount rate is the yield at the reporting date of the government bonds that have maturity dates approximate to the maturities of the Company's obligations which are denominated in the same currency in which benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit for the Company, the recognized asset is limited to the net total of unrecognized past service costs and the present value of the economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan plus the plan assets. To calculate the present value of the economic benefits, the minimum funding requirements applicable to the Company's plan are considered. An economic benefit is available to the Company if it can be realized during the life of the plan, or upon settlement of the plan obligations.

When the benefits of a plan are improved, the portion of the improved benefits relating to past services by employees is recognized in profit or loss using the straight-line method over the average period until it acquires the right to the benefits. When the benefits are earned, the expense is recognized in profit or loss.

The Company recognizes actuarial remeasurements derived from defined benefit plans in the other comprehensive income (loss) account, in the period in which they occur, and they are never recycled to profit or loss.

Medical post-employment benefits

The Company grants medical benefits to retired employees at the end of the employment relationship. The right to access these benefits usually depends on whether the employees have worked up to the retirement age and have completed certain minimum service years. The period cost of these benefits is recognized in profit or loss using the same criteria as those described for pension plans.

ii. *Termination benefits*

Termination benefits are recognized as an expense when the Company commitment can be evidenced, without real possibility of reversing, with a detailed formal plan either to terminate employment before the normal retirement date, or else, to provide benefits for termination as a result of an offer that is made to encourage voluntary retirement.

The benefits from termination in cases of voluntary retirement are recognized as an expense, solely if the Company has made an offer of voluntary retirement, the offer is likely to be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable no later than 12 months after the reporting period, they are discounted at the present value.

iii. *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as services are rendered.

A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Company has a legal or assumed obligation to pay these amounts as a result of past services provided by the employee and the obligation can be estimated reliably.

r) *Statutory employee profit sharing ("PTU", for its acronym in Spanish)*

PTU is recognized in profit or loss of the fiscal year in which it is incurred and is presented within operating income.

s) *Revenue recognition*

Revenue from the sale of products in the course of normal operations is recognized at the fair value of the consideration received or receivable, net of returns, commercial discounts and volume discounts.

For revenue recognition of contracts with customers, a comprehensive model is used for the accounting of revenues from contracts with customers, which introduces a five-step approach to revenue recognition: (1) contract identification; (2) identify performance obligations in the contract; (3) determine the price of the transaction; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenues when the entity satisfies the performance obligation.

The Company has signed contracts with its most representative customers, in which sales price lists, agreed currency, purchase volumes, cash discounts and volumes are agreed, for customers who do not have a contract, purchase orders are defined as contracts where the same characteristics mentioned above are defined.

The Company's most important performance obligations are not separable and are met at one point in time; therefore, the customer cannot be partially satisfied, generally, in these contracts, there is more than one performance obligation and they are treated as an integral and non-separable service.

In the contracts and purchase orders, the selling prices for the performance obligations identified are agreed, as well as discounts, if applicable.

The Company recognizes revenue when the performance obligation with its customers is satisfied, i.e. when control of the goods is transferred to the customer, which is given at the moment of delivery of the promised goods to the customer in accordance with the agreed terms and conditions.

In the case of payments related to obtaining contracts, these are capitalized and amortized over the duration of the contract. If an advance payment is received, it is recorded as an advance payment from customers and if it is to be made over a period of more than one year, it is reclassified to long-term.

t) *Financial income and costs*

Financial income includes income interest on invested funds, changes in the fair value of financial assets at fair value through profit or loss, Exchange gains and the related employee benefit effects of both the defined benefit obligation and the plan assets. Interest income is recognized in income as earned, using the effective interest method.

Financial costs include interest expenses on loans, effect of the discount by the passage of time on provisions, exchange losses, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets. The borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, are recognized in earnings using the effective interest method. Foreign exchange gains and losses are reported on a net basis.

u) *Earnings per share*

The Company presents information about basic and diluted earnings per share ("EPS") corresponding to its common stock. The basic EPS is calculated by dividing the earning or loss attributable to stockholders that hold the Company's common stock by the weighted average outstanding common stock during the period, adjusted for the own shares held. The diluted EPS are calculated by adjusting the earning or loss attributable to stockholders that hold common shares and the weighted average number of outstanding shares, adjusted for the own shares held, for the effect of the dilution potential of all common shares, which include convertible instruments and options on shares granted to employees.

For the years ended December 31, 2023 and 2022, the Company has no dilutive effects.

v) *Repurchase of shares*

When capital stock recognized as stockholders' equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of taxes, is recognized as a reduction to stockholders' equity. Shares that are repurchased are classified as treasury shares and are presented as a deduction from stockholders' equity. When treasury shares are subsequently sold or reissued, the amount received is recognized as an increase in stockholders' equity, and the surplus or deficit resulting from the transaction is transferred to retained earnings. Finally, when treasury shares are cancelled, an increase is recognized in "Retained earnings," a decrease in "Stockholders' equity" equivalent to the par value of the cancelled shares, and the surplus or deficit from the cancellation, with respect to the previous repurchase, is recognized in "Additional paid-in capital."

w) *Segment information*

Operating segments are defined as the components of an enterprise engaged in the production and sale of goods and services that are subject to risks and rewards that are different from those associated with other business segments.

The Company's subsidiaries are grouped according to the business segments in which they operate. For internal and organizational purposes, each business carries out the management and supervision of all the activities of the respective business, which refer to production, distribution and marketing of its products. Consequently, the Company's management internally evaluates the results and performance of each business for decision-making purposes. Following this approach, in day-to-day operations, economic resources are allocated on an operating basis of each business.

Transactions between segments are determined on the basis of prices comparable to those that would be used with or between independent parties in comparable transactions at market value.

x) *Fair value determination*

Several of the Company's accounting policies and disclosures require the determination of the fair value of both financial and non-financial assets and liabilities. Fair values for measurement and disclosure purposes have been determined based on the methods mentioned in subsequent paragraphs; where appropriate, further information about the assumptions made in determining the specific fair values of that asset or liability is disclosed in the notes to the consolidated financial statements.

The levels that cover 1 to 3, based on the degree to which the fair value of the financial instruments is observed, are:

- Level 1 are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 are those derived from indicators other than quoted prices included within Level 1, but which include indicators that are observable for an asset or liability, either directly to prices quoted or indirectly; i.e. derived from these prices; and

- Level 3 are those derived from valuation techniques that include indicators for assets and liabilities, which are not based on observable market information (non-observable indicators).

The techniques and method of calculation are disclosed in note 9 for investment properties and note 17 for derivatives and debt disclosure.

5. Other current assets and other short and long-term liabilities

The balances of other current assets as of December 31, 2023 and 2022 are as follows:

	December 31,	
	2023	**2022**
Sundry debtors	$ 6,541	$ 15,854
Other accounts receivables [(1)]	13,295	75,996
Related parties (note 19)	-	1,494
Prepayments	1,886	6,467
Prepayment of inventories	48	4,097
Derivative financial instruments (note 17)	121	2,737
Total	$ 21,891	$ 106,645

(1) Corresponds to the note receivable from Vitro RFA LLC. derived from the portfolio sale program (Note 6 and 19).

The balances of other short–term liabilities as of December 31, 2023 and 2022 are as follows:

	December 31,	
	2023	**2022**
Sundry creditors	$ 18,820	$ 78,619
Other contributions and taxes payable	4,075	22,070
Payable value added tax	111,890	-
Derivate financial instruments	4,918	9,972
Total	$ 139,703	$ 110,661

The balances of other long-term liabilities as of December 31, 2023 and 2022 are as follows:

	December 31,	
	2023	**2022**
Provision for compensations	$ 2,210	$ 6,492
Other liabilities	-	6,278
Total	$ 2,210	$ 12,770

6. Trade accounts receivable, net

Trade accounts receivable consists of the following:

	December 31, 2023	December 31, 2022
Trade accounts receivable	$ 9,039	$ 68,127
Less allowance for doubtful accounts	(433)	(6,273)
Total	$ 8,606	$ 61,854

On May 18, 2022, Vitro entered into an agreement to initiate a portfolio sale program with PNC Bank, National Association and Finacity Asset Management LLC with maturity in 2025, the amount of such program was up to $275,000. Despite the business disposition mentioned in note 2c and 26, the program continues for both the sold businesses and for the Company and its subsidiaries, so as of December 31, 2023 and 2022, the amount of the portfolio sold amounted to $36,751 and $265,790, respectively. Since the Company considers this operation as an anticipated collection, the cash flows related to this transaction are recorded in the consolidated statement of cash flows within the changes of trade receivables.

The following is an analysis of the aging of trade receivable balances as of December 31, 2023 and 2022:

	Current	30 days	31 to 60 days	Over 60 days
2023	$ 3,220	$ 4,168	$ 446	$ 1,205
2022	$ 36,318	$ 31,076	$ 733	$ -

	2023	2022
Opening balance	$ 6,273	$ 12,132
Decrease due to business sale	(5,735)	-
Increase of the year	162	20,469
Applications	(267)	(26,328)
Final balance of the year	$ 433	$ 6,273

7. Inventories, net

Inventories consist of the following:

	December 31, 2023	December 31, 2022
Finished goods	$ 7,567	$ 233,677
Work in process	-	53,915
Raw materials	7,957	92,290
Spare parts	7,408	65,699
Others	2,317	34,707
Total	$ 25,249	$ 480,288

Inventories as of December 31, 2023 and 2022 are reduced to their net realizable value due to the obsolescence and slow-moving reserve in the amount of $876 and $21,349, respectively; this reserve mainly decreases the balances presented in the finished good, spare part and raw material lines.

In 2023 and 2022, inventories in the amount of $44,752 and $33,561, respectively, were recognized as an expense and included in cost of sales of continuing operations for those periods.

8. Investment in associated companies

- Investments in associates

	% Ownership	December 31, 2023	December 31, 2022
Shandong PGW Jinjing Automotive Glass Co. Ltd.[a]	50.00	$ -	$ 13,127
Vitro Empaques, S.L.U.	49.00	105,353	-
		$ 105,353	$ 13,127

(a) Investment in Shandong PGW Jinjiang Glass Co, LTD, a company engaged in the production of automotive glass and that was disposed of as part of the Automotive business mentioned in notes 2c and 26.

- Other investments

	% Holding	December 31, 2023	December 31, 2022
Servicio Superior Ejecutivo, S.A. de C.V. [b]	50.00	$ 6,633	$ 6,393
Vitro RFA, LLC.	100.00	-	17,919
Others	25.00	250	1,146
Total		$ 6,883	$ 25,458

(b) Joint venture held in April 2019, the entity is dedicated to air transportation of passengers.

9. Investment properties

As of December 31, 2023 and 2022, the balance of the investment properties is $35,985 and $29,947, respectively; these assets are mainly made up of land and buildings. The fair value of the investment properties was determined by independent and external property appraisers, who have appropriate recognized professional qualifications and recent on-site experience.

The fair value of investment properties was calculated based on Level 2 of the fair value hierarchy (Note 17iv).

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value
The commercial values of land in similar locations and dimensions were used. The price per square meter of this land was weighted.	- Location of similar land (address) - Land dimensions	Estimated fair value would increase (decrease) if: The replacement value would decrease if the average square meter in the area were to decrease or increase if the square meter were to increase.

10. Property, plant and equipment, net

A summary of this balance is as follows:

	December 31, 2023	December 31, 2022
Land	$ 100,210	$ 161,271
Buildings	207,037	493,789
Accumulated depreciation	(142,567)	(317,057)
Impairment of buildings	-	(14,330)
	164,680	323,673
Machinery and equipment	270,763	1,666,168
Accumulated depreciation	(217,375)	(960,767)
Impairment of machinery and equipment	-	(69,911)
	53,388	635,490
Investments in process	12,950	180,636
Total	$ 231,018	$ 1,139,799

Cost or valuation	Land	Buildings	Machinery and equipment	Investments in process	Total
Balances as of January 1, 2022	$ 165,831	$ 490,582	$ 1,533,831	$ 179,007	$ 2,369,251
Additions	191	7,990	138,438	5,514	152,133
Disposals	(4,510)	(2,909)	(3,222)	-	(10,641)
Reclassifications	-	-	-	(3,769)	(3,769)
Translation effect	(241)	(1,874)	(2,879)	(116)	(5,110)
Balance as of December 31, 2022	$ 161,271	$ 493,789	$ 1,666,168	$ 180,636	$ 2,501,864
Disposal of discontinued operation	$ (62,481)	$ (286,810)	$ (1,402,610)	$ (161,301)	$ (1,913,202)
Additions	2,007	649	16,232	(2,810)	16,078
Disposals	(587)	(591)	(9,245)	(3,771)	(14,194)
Translation effect	-	-	218	196	414
Balance as of December 31, 2022	$ 100,210	$ 207,037	$ 270,763	$ 12,950	$ 590,960

Accumulated depreciation and impairment	Buildings	Machinery and equipment	Investments in process	Total
Balances as of January 1, 2022	$ 312,580	$ 913,642	$ -	$ 1,226,222
Depreciation of the year	14,871	85,420	-	100,291
Impairment	6,537	33,982	-	40,519
Disposals	(2,300)	(2,945)	-	(5,245)
Translation effect	(301)	579	-	278
Balance as of December 31, 2022	$ 331,387	$ 1,030,678	$ -	$ 1,362,065
Disposal of discontinued operation	$ (189,984)	$ (814,673)	$ -	$ (1,004,657)
Depreciation of the year	1,360	11,563	-	12,923
Disposals	(196)	(10,296)	-	(10,492)
Translation effect	-	103	-	103
Balance as of December 31, 2023	$ 142,567	$ 217,375	$ -	$ 359,942

a) *Investments in progress*

As of December 31, 2023, they are mainly related to the major maintenance of the chemical products plant. To complete the mentioned projects, additional cash flows of $5,400 are expected to be invested. The previously mentioned projects are expected end in 2024.

b) *Impairment loss*

The Company tested the value in use of its assets and derived from the situation and uncertainty of the automotive industry as of December 31, 2022, an impairment loss of $40,519 was recognized in property, plant and equipment belonging to such industry, which was recorded against cost of sales. The assumptions used for the impairment calculation are the same as those mentioned in note 12. For the year ended December 31, 2023 no events of this nature happened in any subsidiaries that the Company consolidates.

c) *Standard Cost*

Depreciation is part of the standard cost of finished goods inventory.

11. Right of use asset, net and lease liability

The following is a summary of the right-of-use assets and the lease liability:

	Building	Machinery and equipment	Transport equipment	Other	Total
Opening balance as of January 1, 2022	$ 15,780	$ 40,207	$ 2,518	$ 360	$ 58,865
Additions/ disposals	4,822	2,856	4,159	2	11,839
Depreciation expense of the year	(7,071)	(11,913)	(3,818)	(134)	(22,936)
Final balance as of December 31, 2022	$ 13,531	$ 31,150	$ 2,859	228	$ 47,768
Disposal of discontinued operation	(13,502)	(31,079)	(2,653)	(228)	(47,462)
Balances with entities under common control	6,758	-	-	-	6,758
Additions/disposals	455	1,913	1,027	6	3,401
Depreciation expense of the year	(76)	(873)	(390)	(3)	(1,342)
Final balance as of December 31, 2023	$ 7,166	$ 1,111	$ 843	3	$ 9,123

a) Amounts recognized in consolidated statement of profit or loss

	2023	2022
Depreciation expense of right of use asset	$ 1,342	$ 22,936
Interest expense on lease liabilities	127	2,850
Expense related to low value asset leases	-	7,551

b) As of December 31, 2023 and 2022, the total cash outflow for leases amounts to $913 and $24,234, respectively.

The changes in the lease liability that derive from financing activities in accordance with the cash flow are as follows:

Balance as of January 1, 2022	$ 50,643
Interest expense on lease liabilities	2,850
Additions	11,839
Lease payments	(24,234)
Balance as of December 31, 2022	$ 41,098
Disposal of discontinued operation	(33,750)
Interest expense on lease liabilities	127
Additions	3,401
Lease payments	(913)
Balance as of December 31, 2023	$ 9,963

Total future minimum lease payments are analyzed as follows:

	December 31, 2023
Contractual obligations	14,721
Interests to be accrued	4,758
Obligations at present value	9,963
- Less than 1 year	1,898
- More than one year	8,065

Interest rates used as of December 31, 2023 and 2022 are as follows:

	December 31, 2023		
	Term in months	Pesos Interest rate	Dollars Interest rate
Buildings	36-120	11.93 –12.79%	8.09 -8.70%
Machinery and equipment	24-120	12.05–13.21%	8.12 -8.51%
Transport equipment	24-120	11.83-13.07%	8.10 -8.70%
Others	24-36	11.93-13.34%	8.09 -8.52%

	December 31, 2022		
		Pesos	Dollars
	Term in months	Interest rate	Interest rate
Buildings	36-120	11.61 –12.43%	6.95 -7.52%
Machinery and equipment	24-120	11.76–12.93%	4.76-7.54%
Transport equipment	24-120	11.14-12.68%	6.94 -7.52%
Others	24-36	12.43-12.93%	7.52 -7.54%

The Company does not face a significant liquidity risk with respect to lease liabilities. Lease liabilities are monitored through the Company's treasury.

12. Goodwill

Goodwill balances as of December 31, 2023 and 2022 consist of the following:

	2023	2022
Balance as of January 1,	$ 56,496	$ 57,703
Business disposition	(56,496)	-
Translation effect	-	(1,207)
Balance as of December 31,	$ -	$ 56,496

In 2023 goodwill was written-off due to the sale of the businesses mentioned in note 26. Goodwill was generated as a result of the acquisition of PPG's Flat Glass and Coatings Business and PGW's Original Equipment Automotive Glass Business, which were disposed of in 2023. The recoverable amount of goodwill is determined based on its value in use, which uses projected cash flows based on the financial budget authorized and approved by the Board of Directors; this budget covers a period of five years. Value in use was determined using an after-tax discount rate calculated in perpetuity of 7.8% and 6.7% in 2023 and 2022, respectively. The growth rate in the automotive industry for the year 2023 is estimated at around 7.2% and for 2024 and onwards an average of 2.7%. The growth rate in the architectural industry for the United States of America market (Cash Generating Unit "CGU" that concentrates goodwill and other significant intangible assets) in 2023 is estimated at around 0.06% and by 2024 and in forward by an average of 3.9%, it should be noted that a perpetuity rate of 2% was used for the determination of the value. The source of this data was obtained from specialized industry reports as well as public and observable market data.

13. Intangibles and other assets, net

a) As of December 31, 2023 and 2022, intangible assets consist of the following:

	December 31, 2023	December 31, 2022
Software	$ 8,550	$ 33,314
Trademarks and intellectual property	-	72,376
Customer relationships	-	119,750
Total	$ 8,550	$ 225,440

Cost or valuation	Software	Trademarks and intellectual property	Customer relationships	Total
Balance as of January 1, 2022	$ 75,318	130,565	179,194	385,077
Additions	8,285	-	-	8,285
Reclassification	3,769	-	-	3,769
Translation effect	64	105	(353)	(184)
Balance as of December 31, 2022	$ 87,436	130,670	178,841	396,947
Disposal of discontinued operation	(43,215)	(130,670)	(178,841)	(352,726)
Additions	1,306	-	-	1,306
Balance as of December 31, 2023	$ 45,527	-	-	45,527

Accumulated amortization	Software	Trademarks and intellectual property	Customer relationships	Total
Balance as of January 1, 2022	$ 48,220	49,850	49,702	147,772
Amortization of the year	4,613	8,429	9,480	22,522
Impairment	1,227	-	-	1,227
Translation effect	62	15	(91)	(14)
Balance as of December 31, 2022	$ 54,122	58,294	59,091	171,507
Disposal of discontinued operation	(18,467)	(58,294)	(59,091)	(135,852)
Amortization of the year	$ 1,322	-	-	1,322
Balance as of December 31, 2023	$ 36,977	-	-	36,977

Amortization of intangible assets was calculated using useful lives of 15 years for trademarks and intellectual property, 20 years for customer relationships and 5 years for software.

As of December 31, 2022, the Company carried out its tests of the value in use of its assets and due to the situation and uncertainty of the automotive industry, an impairment loss of $1,227 and $1,696, lodged in the intangible assets belonging to such industry was recognized, which was recorded in the cost of sales. The assumptions used to calculate brand impairment are the same as those mentioned in note 12. As of December 31, 2023 the subsidiaries that the Company consolidates did not present said situation.

b) Other assets balances as of December 31, 2023 and 2022 are composed as follows:

	December 31,	
	2023	2022
Costs for obtaining contracts	$ 1,506	$ 7,137
Others	10,765	10,100
	$ 12,271	$ 17,237

14. Debt

As of December 31, 2023 and 2022 short-term debt consists of the following:

	Interest rate	Currency	2023	2022
Revolving credit	Libor + 1.80%	Dollar	$ -	$ 11,200
Short-term line	SOFR + 1.85%	Dollar	-	-
Revolving credit	SOFR + 1.70%	Dollar	-	47,500
Revolving credit	SOFR + 2.30%	Dollar	-	35,000
Revolving credit	SOFR + 2.15%	Dollar	-	20,000
			$ -	$ 113,700

As of December 31, 2023 and 2022, long-term debt consists of the following:

	Interest rate	Currency	Maturity date	2023	2022
Leases	2.4% to 9.5%	Dollar	2023 a 2025	$ -	$ 6,997
Bilateral credit	Libor + 1.58%	Dollar	2026	-	170,000
Bilateral credit	Libor + 2.12%	Dollar	2026	-	150,000
Purchase agreement	Serie A: 2.80%	Dollar	2026	7,222	130,000
Sale of notes	Serie B: 3.43%	Dollar	2030	2,778	50,000
Bilateral credit	Libor + 2.125%	Dollar	2026	-	75,000
Bilateral credit	Libor + 2.10%	Dollar	2027	-	10,000
Club Deal credit	SOFR + 2.00%	Dollar	2028	75,000	-
Shareholders promissory notes	3.00%	Dollar	2039	28,000	-
Debt issuance costs				(562)	(3,450)
Total long-term debt				112,438	588,547
Less short-term maturities				-	(2,544)
Long term debt, excluding current maturities				$ 112,438	$ 586,003

Bank loans include certain positive and negative obligations (covenants), as well as maintain certain financial ratios. (i) combined net debt ratio greater than 3.0 times, (ii) combined interest coverage ratio greater than 3.0 times and (iii) net combined equity greater than $1,000,000. As of December 31, 2023 and 2022, the Company was in compliance.

2023 debt transactions

On September 29, 2023, the Company obtained a Club deal type credit for $75,000 with a five-year maturity to pay in advance the long-term bilateral credits. With this refinancing, the average life of the debt was extended, and the Company's financial cost of the debt was reduced. The credit was structured by three different financial institutions: Banorte, Scotiabank and BBVA, the last one being designated as the credit management agent. The interest rate is variable and can be adjusted according to the leverage ratios, the Company is jointly liable.

2022 debt transactions

During the first quarter, the Company reclassified debt from short-term to long-term in the amount of $571,321 since the Company obtained the necessary waivers from the creditor institutions in due time and form in accordance with the legal and contractual framework agreed with the creditor banks. In the same manner and time, the amending agreements were made to adjust the stockholders' equity covenant for at least the 12 months of 2022 to ensure future compliance.

On April 13, 2022 the Company entered into a loan agreement with BBVA for an amount of $70,000 with maturity in 5 years. As of December 31, 2022, $10,000 has been withdrawn.

Reconciliation between relevant changes in debt and cash flows from financing activities:

		2023		2022
Initial balances	$	702,247	$	682,691
Acquisition of loans		241,200		464,028
Debt with stockholders		28,000		-
Loan payments		(354,900)		(444,701)
Payment of commissions and other expenses		(562)		(526)
Amortization of expenses		-		755
Reduction from discontinued operation		(503,547)		-
Final balances	$	112,438	$	702,247

15. Accrued expenses and provisions

As of December 31, 2023 and 2022, accrued expenses payable were as follows:

	December 31,			
		2023		2022
Wages and benefits payable	$	12,435	$	36,263
Services and other accounts payable		1,036		1,637
Other expenses payable		8,462		21,328
Total	$	21,933	$	59,228

16. Employee benefits

Employee benefits recognized in consolidated statements of financial position, by country, are as follows:

	December 31,			
		2023		2022
Mexico	$	(127,906)	$	86,540
USA		-		49,384
Canada		-		(4,061)
Others		-		99
Total net defined (asset) liability	$	(127,906)	$	131,962

A description of types of post-employment benefits granted by the Company are as follows:

Defined benefits plan

The Company has a defined benefits pension plan covering Mexican staff, which consists of a lump sum payment or a monthly pension calculated based on the sum of a basic pension, an additional seniority factor and an additional factor for income equal to or less than the maximum limit used for the Mexican Social Security Institute.

The Company's plan in Mexico also covers seniority premiums, which consist of a lump sum payment of 12 day's wage for each year worked, calculated using the most recent salary, not to exceed twice the legal minimum wage established by law. The related liability and annual costs of such benefits are calculated by an independent actuary, based on formulas defined in the plans, using the projected unit credit method.

In addition, in the U.S.and Canada, the Company grants retirement plans to key personnel, as well as a post-employment medical benefits plan, mainly.

Employee benefits retirement plans valuation is based on service years, current age, and estimated remuneration at retirement date. The main subsidiaries of the Company have constituted funds for the payment of retirement benefit payments through irrevocable trusts. The Company is not exposed to unusual risks related to the plan assets.

Financial information related to employee benefits is as follows:

	December 31,	
	2023	2022
Net defined liabilities (assets) for:		
Pension plans	$ (127,906)	$ 112,221
Post-employment medical benefits	-	19,741
Total net defined liabilities	$ (127,906)	$ 131,962
Amount recognized in profit and loss for:		
Pension plans	$ (3,005)	$ 10,717
Post-employment medical benefits	-	1,127
Total recognized in profit and loss	$ (3,005)	$ 11,844
Amount recognized in comprehensive income, before taxes,		
Pension plans	$ 73,102	$ 40,634
Post-employment medical benefits	-	(8,149)
Total recognized in comprehensive income	$ 73,102	$ 32,485

Vitro, S.A.B. de C.V. and Subsidiaries
Notes to consolidated financial statements
As of December 31, 2023 and 2022
(Amounts in thousands of U.S. dollars)

The present values for defined benefit obligations, as well as of the assigned plan assets to such obligations are as follows:

	Mexico	USA	Canada	Others	Total
December 31, 2022:					
Defined benefit obligations	$ 129,605	$ -	$ -	$ -	$ 129,605
Plan assets	(257,511)	-	-	-	(257,511)
Net defined (asset) liability	$ (127,906)	$ -	$ -	$ -	$ (127,906)
December 31, 2021:					
Defined benefit obligations	$ 233,112	$ 123,609	$ 5,775	$ 99	$ 362,595
Plan assets	(146,572)	(74,225)	(9,836)	-	(230,633)
Net defined (asset) liability	$ 86,540	$ 49,384	$ (4,061)	$ 99	$ 131,962

Movements in defined benefit obligations during the year are as follows:

	Year ended December 31,	
	2023	2022
Defined benefit obligations as of January 1,	$ 362,595	$ 381,480
Reduction from discontinued operation	(259,236)	-
Service cost	1,066	5,592
Interest cost	8,589	19,007
Actuarial remeasurements	10,427	(18,140)
Benefits paid	(9,924)	(36,036)
Translation effect	16,088	10,721
Others	-	(29)
Defined benefit obligations	$ 129,605	$ 362,595

As of January 1, 2022, medical coverage is provided for retirees and covered spouses or dependents up to age 65 under a PPO plan. Beginning at age 65, retirees and covered spouses will receive monthly contributions of $100 that can go toward a health care plan premium or other health care expenses. As of December 31, 2023 all the companies that have retirees with this benefit were transferred as part of the sale of the businesses mentioned on note 26.

Changes in the fair value of the plan assets are as follows:

	Year ended December 31,	
	2023	**2022**
Fair value of the plan assets as of January 1,	$ 230,633	$ 272,589
Reduction from discontinued operation	(91,198)	-
Actual yield	12,660	13,986
Actuarial remeasurements	83,529	(50,625)
Company contributions	-	2,605
Benefits paid	(3,524)	(14,107)
Administrative expense	-	(1,230)
Translation effect	25,411	7,415
Fair value of the plan assets	$ 257,511	$ 230,633

As of December 31, 2023 and 2022, the main actuarial hypotheses used were as follows:

	December 31,	
	2023	**2022**
Discount rate		
Mexico	9.25%	9.25%
United States of America		
Vitro Flat Glass [1]	N/A	5.14%
Pittsburgh Glass Works [1]	N/A	5.07%
Canada [1]	N/A	5.06%
Salary increase rate		
Mexico	4.50 to 7.00%	4.00 to 7.00%
United States of America		
Vitro Flat Glass	N/A	N/A
Pittsburgh Glass Works	N/A	N/A
Canada [1]	N/A	N/A

[1] As of December 31, 2023, this Companies are part of the business disposal mentioned in note 26.

The average duration of defined benefit obligations is approximately 10 years.

The following table shows future cash flows for benefits expected to be paid in the following ten years:

Payments expected in the years:	Amount
2024	29,363
2025	12,585
2026	15,939
2027	11,789
2028 and thereafter	59,929
	$ 129,605

These amounts are based on current data and reflect future services expected, as the case may be. Benefit payments are based on the assumptions that inactive participants retire at 65 years old, and other actuarial hypothesis, that they do it along a 10-year period.

The categories of the plan assets as of December 31, 2023 and 2022 are as follows:

	Actual yield rate		Fair value of plan assets	
	2023	2022	2023	2022
Equity instruments	6.95%	(10.61%)	$ 113,824	$ 145,674
Debt instruments	9.03%	(7.41%)	143,687	84,959
			$ 257,511	$ 230,633

As of December 31, 2023 and 2022, plan assets include 77,340,791 and 54,201,598 shares of Vitro, whose fair values amount to $113,824 and $61,240, respectively. The Company is not exposed to unusual risks related to plan assets.

As of 2022, the Company, within its U.S. subsidiaries, has assets invested as follows: cash 2%, fixed income assets 46%, and equity assets ranging 52%. As of December 31, 2023, this Companies within the U.S. were part of the sale mentioned in note 26.

The determination of defined benefit obligations is carried out using actuarial assumptions, such as the discount rate and salary increases. The sensitivity analysis shown below was developed based on the reasonableness of possible changes with respect to the actuarial assumptions as of December 31, 2023, holding all other assumptions constant; however, it may not represent actual changes in the defined benefit obligations, since the actuarial assumptions are correlated and are unlikely to change in isolation.

As of December 31, 2023, the amounts included in the following table represent increase or (decrease) in the defined benefit obligation, as the case may be.

	Liability
Increase in discount rate of 0.50%	$ (2,370)
Decrease in discount rate of 0.50%	2,488

17. Financial instruments

The carrying amounts of financial instruments and their fair values are presented below:

	December 31, 2023		December 31, 2022	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	$ 37,606	37,606	$ 122,699	$ 122,699
Financial assets measured at amortized cost				
Accounts receivable and other current assets	881,524	881,524	161,471	161,471
Financial assets at fair value through profit or loss				
Derivative financial instruments	121	121	2,737	2,737
Financial assets at fair value through OCI				
Hedging derivative financial instruments	3,652	3,652	21,402	21,402
Financial liabilities				
Financial liabilities at amortized cost				
Debt and interest payable	114,752	113,906	665,957	703,989
Lease liability	14,721	9,963	48,348	41,098
Notes payable and other liabilities	621,687	621,687	349,939	349,939
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	4,918	4,918	9,972	9,972
Financial liabilities at fair value through OCI				
Hedging derivative financial instruments	-	-	-	-

The following tables show the valuation techniques used to measure Level 2 fair values for financial instruments measured at fair value in the statement of financial position, as well as the inputs used. The corresponding valuation processes are described below.

Type	Valuation technique	Relationship between observed information and fair value
Derivative financial instruments SWAPS (Level 2)	The fair value is determined by calculating the difference between the net present value of the asset and liability portion. To calculate the net present value of each portion, the future cash flows are first calculated according to the the projection curve of the underlying analyzed (interest rate, gas molecule, etc.). These cash flows are subsequently discounted at present value with an interest rate (curve), which is in accordance with the currency of such cash flows.	For positions where a fixed price is paid, a decrease in the price of the underlying asset expects the derivative to decrease. If a fixed price is received, the value increases.
Derivative financial instruments – call options. (Level 2)	The fair value is determined by calculating the net present value of the expected difference between the future value of the underlying (interest rate, gas molecule, etc.) and the value agreed at inception, plus a premium based on the time remaining at the expiration of such option. To calculate the net present value, the expected value of the option at maturity is first calculated according to the corresponding underlying using models such as the Black-Scholes. Such cash flows are subsequently discounted at present value with an interest rate (curve), which is in accordance with the currency of such cash flows.	For call option positions, with a decrease in the price of the underlying asset (interest rate, gas molecule, etc.) the derivative is expected to decrease. For put options, the value increases. Options will be assets or liabilities depending on whether they were bought or sold.
Debt (Level 2)	The fair value of the debt is determined using interest rate curves and discounting future cash flows using yield rates of high credit institutions.	The fair value of the debt is inversely related to the hedging of its derivative financial instruments.

The Company is exposed to market risks (interest rate risk, commodity price risk and foreign exchange risk), credit risk and liquidity risk, which are managed in a centralized manner. The Board of Directors establishes and monitors the policies and procedures to measure and manage these risks, which are described below:

i. Market risk

Market risk is the risk of changes in market prices, such as exchange rates, interest rates, commodities and equity instruments. The objective of market risk management is to manage and control exposures to market risks within acceptable parameters, at the same time that yields are optimized.

Interest rate risk

The Company is exposed to the risk of changes in interest rates mainly for the loans mentioned in note 14.

A benchmark interest rate reform has been underway globally. The reform seeks to replace some interbank offered rates (IBOR) with alternative quasi-risk-free interest rates (the "IBOR reform"). The Group has IBOR exposures on its financial instruments that will be replaced or reformed as part of these market initiatives.

The Group's main exposure as of December 31, 2023 is indexed to USD SOFR.

Derivatives held for trading

As of December 31, 2023 commodity swaps were contracted with banking institutions (with underlying in HenryHub and SoCal Basis). These derivatives are mirrored in the common ownership entities; therefore, the commodity negotiation positions cancel out between assets and liabilities, resulting in no effects in the operating income.

As of December 31, 2023 a derivative that Vitro S.A.B. holds with Vitro Envases S.A. de C.V., which is a entity under common control. This derivative is considered as held for trading purposes because it is a short-term interest rate swap that cannot be designated as a hedge derivative. This financial derivative impacts the comprehensive financing result.

As of December 31, 2023 a derivative that Vitro S.A.B. holds with Vitro Assets Corp, entity under common control. This derivative is considered as held for trading purposes and is an exchange rate forward. This financial derivative impacts the comprehensive financing result.

Hedge accounting

As of December 31, 2023 and 2022, the Company has an Interest Rate Swap with the goal of mitigating the risk of the interest rate's variability in the liabilities acquired in dollars. The hedging relationship was designated on October 1, 2023, at the same time the hedged account was generated (debt). This derivative comes from previous years but the previous hedging relationship in which these derivatives were designated, was discontinued because the hedged account no longer exists. Therefore, the derivative's accumulated balance in OCI, related to the previous hedging relationship was reclassified for an amount of $2,897 as a debit in the income statement. Therefore, the changes in fair value to measure ineffectiveness is done since the new beginning date of the hedge and the derivative's fair value is a source of ineffectiveness.

As of December 31, 2023 and 2022, the Company has swaps and commodities options with the goal of mitigating the risk associated with the price variability of natural gas used in the day-to-day operations. These types of operations represent hedge mechanism to fix the interest rate of the financial liabilities and fix the price of the natural gas. According to accounting standards these operations are considered as accounting hedges. For accounting purposes, the Company has designated this Interest Rate Swaps under the cash flow model to cover a portion of the interest payments of the USD debt. Furthermore, the commodities swaps and options were designated under the cash flow model to cover a portion of the natural gas consumption.

As of December 31, 2023, the position in the derivative financial instrument is summarized below:

Bank	ING	ING, Macquarie and Cargil	ING, Macquarie and Cargil
Notional	75,000	2,237	833
Notional currency	USD	MMBTU's	MMBTU's
Derivative	Swap	Swap	Call
Item on the financial statement where the hedging instrument is presented	Derivative financial instruments	Derivative financial instruments	Derivative financial instruments
Delivery rate	1.69%	1.39 – 3.74 USD	3.45 – 4.40 USD
Receipt rate	SOFR	Henry Hub	Henry Hub
Fair value as of December 31, 2021	3,652	(1,475)	36
Maturity	January-26	October-24	October-24
Change in fair value to measure the ineffectiveness of the hedged instrument	304	1,475	441
Amount recognized in other comprehensive income	903	1,475	441
Ineffectiveness recognized in statement of profit or loss	(599)	-	-
Reclassification of other comprehensive income to statement of profit or loss	-	-	-
Carrying value of hedged item (Exposure)	75,000	2,237	833
Currency carrying value	USD	USD	USD
Change in fair value to measure the ineffectiveness of the hedged instrument	(903)	(1,475)	(441)
Hedging ratio	100%	100%	100%
Effectiveness Test	100%	100%	100%

As of December 31, 2022, the position in the derivative financial instrument is summarized below:

Bank	ING[1]	BBVA	BBVA[2]	ING y Macquarie
Notional	75,000	75,000	170,000	9,571
Notional currency	USD	USD	USD	MMBTU's
Item on the financial statement where the hedging instrument is presented	Derivative financial instruments	Derivative financial instruments	Derivative financial instruments	Derivative financial instruments
Agreed rate	1.69%	1.82%	1.68%	5.33 USD
Receipt rate	Libor 1M	Libor 1M	Libor 1M	Henry Hub
Fair value as of December 31, 2021	5,237	5,271	10,893	(6,362)
Maturity	January-26	February-26	June-25	December-23
Change in fair value to measure the ineffectiveness of the hedged instrument	7,220	5.238	10,689	(6,362)
Amount recognized in other comprehensive income	7,220	7,403	10,893	(6,235)
Ineffectiveness recognized in statement of profit or loss[3]	1,259	1,101	-	3,648
Reclassification of other comprehensive income to statement of profit or loss[4]	-	-	-	3,708
Carrying value of hedged item (Exposure)	150,000	75,000	170,000	19,153
Currency carrying value	USD	USD	USD	MMBTU's
Change in fair value to measure the ineffectiveness of the hedged instrument	(7,326)	(7,080)	(14,805)	6,235
Hedging ratio	50%	100%	100%	50%
Effectiveness Test	99.87%	107%[5]	115%	100%

[1] Corresponds to an interest rate swap contracted by Vitro, S.A.B. with ING which is replicated to two subsidiaries.

[2] In June 2020, Vitro renegotiated its interest rate swap with BBVA in order to align it to the new debt used to prepay in advance the syndicated loan that was hedged.

[3] The recognized ineffectiveness is generated by the beginning value of the instrument because it is an off market hedge.

[4] The made reclassifications for the commodities derivatives are related with the amortization of the accumulated value in OCI of a derivative that had an unwind and the amortization of the time value of the acquired options.

[5] In June 2020 Vitro renegotiated its interest rate swap with BBVA in order to align it to the new debt used to prepay in advance the syndicated loan that was hedged.

As of December 31, 2023, 34% of borrowings are denominated at a fixed rate and 66% of borrowings are denominated at a variable rate (see Note 14).

Management assesses whether the hedging relationship meets the effectiveness criteria at the inception of the hedging relationship, on an ongoing basis at each reporting date and upon a significant change in circumstances affecting the hedging requirements.

Sensitivity analysis to interest rate risk

The Company performed a sensitivity analysis considering an increase or decrease of 0.5% in the value of the SOFR rate, and its effects on the results of the year as of December 31, 2023.

The percentage used to analyze the sensitivity to exchange rate risk is the scenario that represents management's assessment of the reasonableness of possible variations in this reference rate, since it is a market rate with low or no volatility. As a result of the analysis, the effect of a possible increase or decrease in the interest rate would have had an impact on the profit or loss of the year of $756 as expense or income, respectively.

Foreign exchange risk applicable to foreign subsidiaries

For 2022 a foreign subsidiary is a subsidiary that has a functional currency other than the U.S. dollar. Vitro's foreign subsidiaries maintain their assets and liabilities and carry out their operations mainly in Mexican pesos, Canadian dollars, euros, reales, soles, zlotys and Colombian pesos, in a market and business environment in the same currency. The Company's management considers assets and liabilities denominated in foreign currencies to be insignificant; therefore, the foreign exchange risk for these subsidiaries is almost nil.

As mentioned in Note 14, the Company's debt is denominated in U.S. dollars; therefore, there is no foreign exchange risk.

Foreign exchange risk applicable to subsidiaries located in Mexico.

Vitro's Mexican subsidiaries that maintain a U.S. dollar functional currency and that carry out transactions and maintain balances in pesos or in a foreign currency other than the peso, are exposed to the risk of exchange rate variations. This exposure to risk may result from changes in economic conditions, monetary and/or tax policies, the liquidity of global markets, local and international political events, among others. The most significant foreign currency of Mexican subsidiaries is the Mexican peso; the carrying amount of financial assets and liabilities denominated in Mexican pesos at the end of the period is as follows:

	December 31,	
	2023	**2022**
Financial assets	$Ps. 16,329,051,389	$Ps 1,039,621,228
Financial liabilities	(6,239,896,390)	(1,834,334,267)
Net financial asset position	10,089,154,999	(794,713,039)

Financial assets in Mexican pesos are mainly comprised of cash and other accounts receivable, while financial liabilities are mainly comprised of short-term bank debt, suppliers and sundry creditors, all of which are denominated in Mexican pesos. As of December 31, 2023 and 2022, the Company considers assets and liabilities denominated in foreign currencies other than the Mexican peso to be immaterial.

The exchange rates of the Mexican peso with respect to the U.S. dollar used to prepare these consolidated financial statements were as follows:

	December 31,			
	2023		**2022**	
Exchange rate:				
Pesos per dollar at year-end	$Ps.	16.9190	$Ps	19.4715
Pesos per average dollar during the year	$Ps.	17.6290	$Ps	20.1137

As of March 23, 2024, the issuance date of the consolidated financial statements, the exchange rate of the peso against the U.S. dollar was $Ps. 16.7620.

Foreign currency sensitivity analysis

The sensitivity analysis carried out by the Company considers a strengthening or weakening by 10% of the U.S. dollar against the Mexican peso and their effects on the results of fiscal years 2023 and 2022. The percentage used to analyze the sensitivity to foreign exchange risk is the scenario that represents the Management's evaluation of the fairness of possible variations in the exchange rate. As a result of the analysis, the effect of possible strengthening or weakening of the U.S. dollar against the Mexican peso would have had an impact on profit or loss of $12,046 and $825 as income or expense, respectively.

ii. *Credit risk*

Credit risk refers to the risk that a customer or counterpart breaches its contractual obligations resulting in a financial loss to the Company and arises mainly from trade accounts receivable and investments in the Company's securities.

Trade accounts receivable and other accounts receivable

The Company continuously performs credit evaluations to its clients and adjusts the limits of credit based on the credit history and current creditworthiness. In addition, it monitors the collections and payments from customers, and has an allowance for doubtful accounts based on historical experience and on some specific aspect that has been identified. While these allowances for doubtful accounts have historically been within the Company's expectations and within the established allowance, there is no guarantee that it will continue to have the same level of allowances for doubtful accounts that it has had in the past. An important variation in the experience of the Company’s allowances for doubtful accounts could have a significant impact on the consolidated results of operations and, therefore on the consolidated financial position.

The Company's exposure to credit risk is affected mainly by the individual characteristics of each customer. However, the Company's management also believes the demographics of its customer base, which includes the risk of non-compliance of the industry and country in which customers operate, as these factors can influence the credit risk, particularly in deteriorated economic circumstances.

As of December 31, 2023, the maximum exposure to credit risk is $870,358. In addition, the Company has guarantees on certain balances of trade accounts receivable whose performance does not fully meet Management's expectations.

The Company has no concentration of credit risk, since consolidated sales and accounts receivable from a single customer did not exceed 10% of total sales.

iii. Liquidity risk

Liquidity risk represents the possibility that the Company has difficulties to comply with its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to manage its liquidity risk is to ensure, to the extent possible, always having enough liquidity to meet its obligations when they fall due, without affecting the performance of the business or damage the image and reputation of Vitro.

The Company's Board of Directors is responsible for establishing an appropriate framework of liquidity risk management according to the Company's needs. The Company manages its liquidity risk by maintaining bank reserves and through a constant monitoring of cash flows.

In previous years, the Company's main source of liquidity has been predominantly cash generated from operating activities in each one of the business units and sale of certain assets.

The contractual maturities of the debt as of December 31, 2023, including the related interest, are as follows:

	Less than 1 year	1 to 3 years	3 to 5 years	Over 5
Fixed rate debt[1]	$ 298	$ 13,174	$ 5,324	$ 27,198
Variable rate debt[1]	4,674	7,524	81,617	-
Leases	2,957	3,291	2,118	6,355
Trade accounts payable and other short-term liabilities	458,530	-	-	-
Trade accounts payable and other long-term liabilities	-	8,294	216,197	3,893
	$ 466,459	$ 32,283	$ 305,256	$ 37,446

[1] Maturities are considered with the original form of payments.

As of December 31, 2023, the Company has available cash of $37,606.

iv. Fair value of financial instruments

The fair value of financial instruments that are presented above has been determined by the Company using the information available in the market or other valuation techniques, which require judgment to develop and interpret the estimates of fair values. It also uses assumptions that are based on market conditions existing at each of the balance sheet dates. Consequently, the estimated amounts presented are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

The Company's amounts of cash and cash equivalents, as well as accounts receivable and payable to third parties and related parties, and the current portion of bank loans and long-term debt approach their fair value, as they have short-term maturities. The Company's long-term debt is recorded at amortized cost and consists of debt that bears interest at fixed and variable rates, which are related to market indicators. To obtain and disclose the fair value of long-term debt, different sources and methodologies are used such as market quotation prices or quotations of agents for similar instruments; other valuation techniques for the cases of those liabilities that have no price in the market and is not feasible to find quotes of agents for similar instruments.

v. Other market price risks

In the ordinary business course, the Company has contracted calls and swaps and other derivate financial instruments (DFI) in order to mitigate and hedge its exposure to natural gas and electricity price fluctuations. The estimated percentage of fuel consumption covered has varied from 10% to 100%. During 2022 the percentage covered was 44%. The percentage of covered consumption and the covered prices varied constantly according to market conditions based on the needs of the Company and the use of alternative fuels within their production processes.

The derivate financial instruments that the Company held during the years presented were calls and swaps, which were acquired due to the need to economically cover the fluctuation price of natural gas and electricity used by some of the Company´s plants. Those DFIs, were not designated as a hedge for accounting purposes; therefore, fluctuations in fair value are recognized in profit or loss within net financial cost, except in the year 2022 for gas financial instruments, which from that year onwards are recorded as economic and accounting hedges.

18. Capital and reserves

Capital management

The Company's objective in managing its capital structure is to safeguard its ability to continue as a going concern, and at the same time maximize the return to its stockholders through an adequate balance in its funding sources. In order to maintain this structure, the Company carries out various actions such as efficiently managing working capital, adjusting dividend payments in accordance with free cash flow generation, cancellation and/or issuance of new shares and/or debt, or investment or divestment of assets.

The Company, through the Board of Directors, evaluates the cost and risks associated with its capital structure on an ongoing basis. This evaluation is made primarily based on the ratios of indebtedness, debt to EBITDA (Earnings Before Interest and Income Taxes) flow for the last 12 months, and interest coverage. EBITDA is not a performance measure defined by IFRS. The debt ratio represents the ratio of net debt to EBITDA cash flow; EBITDA is calculated based on income before other income and expenses and adding the virtual items reflected in the statement of comprehensive income, within cost of sales and operating expenses, mainly depreciation, amortization and seniority premium and pension plan reserves; finally, interest coverage is calculated by dividing EBITDA by interest expense for the last twelve months of the period analyzed. Vitro has a long-term objective of maintaining the financial indebtedness ratio within a range of 1.0 to 3.0 times and interest coverage greater than 1 times. As of December 31, 2023, the results of the calculation of each of the aforementioned financial ratios were 1.45 times for the indebtedness ratio and 2.87 times for the interest coverage ratio.

Common stock structure

a) As of December 31, 2023 and 2022, the Company's capital stock amounts to 470,027,224 common shares, fully subscribed and paid, and with no par value.

b) Retained earnings include the statutory legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical pesos). The legal reserve may be capitalized but may not be distributed unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason.

c) At the General Ordinary Stockholders' Meeting held on November 15, 2022, the following was approved:
- Decree and payment of dividends at the rate of $0.0212 per share.

d) At the General Ordinary Stockholders' Meeting held on April 19, 2023, the following was approved:
- Decree and payment of dividends at the rate of $0.0638 per share.

e) At the General Ordinary Stockholders' Meeting held on December 1, 2023, the following was approved:
- Decree and payment of dividends at the rate of $1.1276 per share.

f) As of December 31, 2023 and 2022, the Company holds 13,544,505 own shares in treasury.

g) The distribution of stockholders' equity, except for the restated amounts of contributed capital stock and tax earnings withheld, will give rise to income tax on dividends payable by the Company at the rate in effect when the distribution is made. The tax paid on such distribution may be credited against the income tax of the year in which the tax on dividends is paid and in the following two years, against the tax of the year and the provisional payments thereof.

The balances of the controlling interest in the tax accounts in stockholders' equity, corresponding to the Company's capital contribution account and net tax-income account amount to as of December 31, 2023 are $714,238 and $3,503,241, and as of December 31, 2022, are $592,976 and $3,396,493, respectively.

h) Other components of comprehensive income
Effect of translation of foreign transactions

The movement for the period is recorded when translating the consolidated financial statements from the functional currency to the reporting currency. During fiscal years 2023 and 2022, there are no other extraordinary movements affecting the cumulative translation adjustment recognized in stockholders' equity.

Actuarial remeasurements

Actuarial remeasurements are recognized as other components of comprehensive income. During December 31, 2023 and 2022, the actuarial remeasurements correspond solely to variations in actuarial assumptions for both the labor liability and the plan assets and are presented net of income taxes.

Hedging derivative financial instruments

The effective portion of valuation gains or losses on derivative financial instruments designated as cash flow hedges is recognized in other comprehensive income, net of income taxes.

Below is an analysis of the movements of the other comprehensive income accounts of the controlling interest:

	Effect of foreign currency translation	Hedging derivative financial instruments (note 17)	Actuarial remeasurements (note 16)	Total other comprehensive income
Balance as of December 31, 2021	$ 122,203	$ (1,535)	$ (140,510)	$ (19,842)
Comprehensive income movement	(5,000)	20,098	(17,078)	(1,980)
Balance as of December 31, 2022	$ 117,203	$ 18,563	$ (157,588)	$ (21,822)
Recycling to profit or loss (note 26)	(86,734)	2,288	-	(84,446)
Comprehensive income movement	8,282	(22,351)	55,751	41,682
Balance as of December 31, 2023	$ 38,751	$ (1,500)	(101,837)	$ (64,586)

i) Non-controlling interest is as follows:

	December 31,	
	2023	**2022**
Capital stock	$ -	$ 790
Retained earnings	-	(427)
	$ -	$ 363

j) Basic and diluted earnings per share

The earnings and number of common shares used for the calculation of the basic and diluted earnings per share are as follows:

	Year ended December 31,	
	2023	**2022**
Income earnings from continuing operations attributable to controlling interest	$ 122,612	$ 32,682
Weighted average of common shares for calculation of basic and diluted earnings per share	470,027,224	470,027,224
Income per share from continuing operations	$ 0.2609	$ 0.0695

The Company had no dilution effects affecting common stock averages for purposes of these calculations. The decrease in basic earnings per share and earnings per share was primarily due to the decrease in income for the year compared to the prior year.

k) As of December 31, 2023 and 2022, the total outstanding shares are analyzed as follows:

	2023	2022
Shares at the beginning of the year	470,027,224	470,027,224
Repurchase of shares	-	-
Shares at the end of the year	470,027,224	470,027,224

19. Related parties

As of December 31, 2023, transactions with related parties were as follows:

a) Related parties' short-term receivable

Notes receivable:

	2023	2022
Notes receivable in pesos at an annual fix interest rate of 9.25%. (1)	$ 56,537	-
Notes receivable in dollars at an annual fix interest rate of 4.87%. (2)	9,734	-
Notes receivable in euros at an annual fix interest rate of 4.87%.	1,312	-
Notes receivable in dollars at an annual fix interest rate of 5.25%.	200	-
	67,783	-

(1) The previously indicated accounts were generated with Vitro Envases, S.A. de C.V., Cristales Inastillables de Mexico, S.A. de C.V., Ilumimex, S.A. de C.V., among others.

(2) The previously indicated accounts were generated with Pittsburgh Glass Works LLC USA, Vitro Assets Corp, among others.

Other accounts receivable:

	2023	2022
Accounts receivable (4)	42,315	-
Interest receivable	7,254	-
Sundry debtors (3)	519,592	-
Derivative financial operations	3,442	-
	572,603	-

(3) The previously mentioned accounts were mainly generated with Cristales Inastillables de México, S.A. de C.V., Vidrio Plano de Mexico, S.A. de C.V., Vitro Envases, S.A. de C.V. amongst others.

(4) As of December 31, 2023, corresponds mainly to accounts receivable with Vitrocar, S.A. de C.V., Vitro Envases, S.A. de C.V., Pittsburgh Glass Works LLC USA, amongst others.

	2023	2022
Total related parties' short-term receivable	$ 640,386	$ -

b) Related parties' long-term receivable

Long-term notes receivable:

	2023	2022
Notes receivable in dollars at an annual fix interest rate of 5.37%. (1)	$ 17,687	-
Notes receivable in dollars at an annual fix interest rate of 2.51% (2)	8,583	-
	26,270	-

(1) The previously mentioned accounts were generated with Pittsburgh Glass Works Hong Kong. Limited.

(2) The previously mentioned accounts were generated with Vitro Do Brasil Industria e Comercio, LTDA.

Other accounts receivable:

	2023	2022
Long-term sundry debtors (2)	196,686	-

(2) The previouslt mentioned accounts were generated mainly with Cristales Inastillables de México, S.A. de C.V., Vidrio Plano de Mexico, S.A. de C.V., Vitro Vidrio Automotriz, S.A. de C.V. amongst others.

	2023	2022
Total related parties' long-term receivables	$ 222,956	$ -

c) Related parties short-term accounts payable

Short-term accounts payable:

	2023	2022
Documents payable in pesos at an annual fix interest rate of 9% (1)	$ 68,892	-
Documents payable in dollars at an annual fix interest rate of 8% (2)	113,273	-
Documents payable in dollars at an annual fix interest rate of 2.19%. (3)	95,516	-
Documents payable in dollars at an annual fix interest rate of 4.62%.	85	-
Documents payable in dollars at an annual fix interest rate of 4.37%. (4)	40,200	-
	$ 317,966	-

(1) The previously mentioned accounts were mainly generated with Vidriera Toluca, S.A. de C.V., Vitro Envases, S.A. de C.V., Vidrio Plano de Mexico, S.A. de C.V. and Vitrocar. S.A. de C.V.

(2) The previously mentioned accounts were generated with Vidrio Plano de Mexico, S.A. de C.V. and Vitro Flat Glass LLC.

(3) The previously mentioned accounts were generated with Vitro Envases, S.A. de C.V.

(4) The previously mentioned accounts were generated with Vitro Packaging, LLC and American Asset Holding.

Other short-term accounts payable:

	2023	2022
Sundry creditors [4]	99,442	-
Interest payable	15,975	-
Derivative financial operations	16,387	-
Others	808	-
	132,612	-

(4) The previously mentioned accounts were generated with Vitro Packaging, LLC, Vitro Envases, S.A. de C.V., Vidrio Plano de México, S.A. de C.V., Vitro Fabricación de Máquinas, S.A. de C.V., amongst others.

	2023	2022
Total related parties short-term accounts payable	$ 450,578	$ -

d) Related parties long-term accounts payable

Short-term accounts payable:

	2023	2022
Documents payable in dollars at an annual fix interest rate of 8% [1]	104,010	-

Other long-term accounts payable:

	2023	2022
Interest payable [1]	62,266	-
Others	20,957	-
	83,223	-

(1) The previously mentioned accounts were generated with Vitro Assets Corp.

	2023	2022
Total related parties long-term accounts payable	$ 187,233	$ -

Transactions with related parties as of December 31, 2023 and 2022, were as follows:

a) *Purchase of food coupons*. - The Company purchases food coupons for its staff from a self-service store, of which one of our board members is a stockholder. For the years ended December 31, 2023 and 2022, the amount of those purchases was $7,223 and $7,042, respectively.

b) *Compensation to management's key personnel*. - For the years ended December 31, 2023 and 2022, the total compensation for the services provided by our board members and directors was approximately $13,800 and $8,510, respectively. This amount includes fees, wages, variable compensation and retirement bonuses. This item is analyzed as follows:

	2023	2022
Fixed compensation	63%	90 %
Variable compensation	37%	10 %

c) *Transactions with Shandong PGW Jinjing Automotive Glass Co. Ltd.*- The Company has transactions with Shandong PGW Jinjing Automotive Glass Co. Ltd. for the twelve-month period ended December 31, 2022. In purchases the total amount was $1,534 and in accounts payable the total amount was $742.

d) *Operations with Vitro RFA, LLC.* - As of December 31, 2023 and 2022, the Company had a short-term balance receivable of $13,295 and $75,996, an account payable of $92 and $22,351 in sundry creditors (See note 5 and 13), additionally the Company made contributions of $17,919 on December 31, 2022. As of December 31, 2023, the Company wrote-off the investment due to the sale of the businesses mentioned in note 26.

e) As of December 31, 2023, the Company's sales with its related parties amounted to $79,100, mainly with Vidio Plano de Méxcio, S.A. de C.V., Cristales Inastillables de México S.A. de C.V., Vitro Envases, S.A. de C.V., among others, for the concept of the sale of inorganic chemical product.

20. Other income (expenses), net

The analysis of other income (expenses) is as follows:

a) Other income:

	Year ended December 31,	
	2023	2022
Gain on sale and write-off of assets	2,997	10,892
Increase in fair value of investment property	6,038	10,048
Leases	5,348	7,982
Total	$ 14,383	$ 28,922

b) Other expenses:

	2023	2022
Other	(9,389)	(7,208)
Total	$ (9,389)	$ (7,208)

21. Financial income, net

Below is a breakdown of the most significant items that compose financial income:

a) Financial income:

	Year ended December 31,	
	2023	2022
Financial income	$ 55,814	$ 49,794
Foreign exchange gain	97,370	32,575
Financial result, net of employee benefits	4,071	4,916
Total	$ 157,255	$ 87,285

b) Financial cost

	2023	2022
Interest expenses	$ (34,889)	$ (30,508)
Inflation effects of taxes on tax consolidation	(180)	(1,246)
Interest expense on leases	(127)	(36)
Derivative financial transactions	(9,173)	112
Other financial expenses	(2,870)	(17,263)
Total	$ (47,239)	$ (48,941)

22. Income taxes

Income taxes recognized in profit or loss are analyzed as follows:

	Year ended December 31	
	2023	2022
Current income taxes	$ 15,807	$ 6,124
Prior years' income taxes (note 25) [1]	4,150	23,155
Deferred income taxes	8,733	7,800
Total	$ 28,690	$ 37,079

(1) During the years 2023 and 2022, the Servicio de Administración Tributaria ("SAT", for its acronym in Spanish) continued with the review process of prior years, reaching an agreement with the Company to settle differences in criteria of the year under review, the amount required from the authority for the differences in criteria mentioned above was self-corrected by the company recording the corresponding tax as well as the updates and surcharges, the latter incorporated as financial expense of the year.

The Company applied the temporary exception to the IAS 12 requirements introduced in May 2023, therefore it does not recognize nor reveal information about deferred tax assets and liabilities related with income taxes arising from Pillar II.

Pillar II consists of an international project promoted by the OECD (Organization for Economic Co-operation and Development) in which there is a strong push towards the standardization of the tax burden of the entities that form part oof the organization.

The reconciliation between the Company's income tax rate and the actual rate, expressed as a percentage of income before income taxes, is analyzed as follows:

	Year ended December 31,	
	2023	**2022**
Expected expense for continued operations	45,390	20,928
Effects of inflation	(7,145)	(5,388)
Valuation allowance (reversal) for tax losses	-	472
Non-deductible expenses and others	2,723	4,430
Rate difference for Companies outside of Mexico	(706)	(214)
Foreign exchange effects without tax effects	(15,722)	(6,959)
Prior years' income taxes	4,150	23,810
Income tax expense	28,690	37,079

The movements of the deferred taxes balance in the fiscal year are as follows:

	Year ended December 31,	
	2023	**2022**
Opening balance	$ 140,078	$ 95,616
Deferred tax in profit and loss	(8,733)	(7,800)
Deferred income for discontinued operations	(113,385)	35,073
Actuarial remeasurements	(22,860)	14,917
Derivative financial transactions	1,201	(377)
Translation effects	2,726	2,649
Ending balance, (liability) asset	$ (973)	$ 140,078

The main temporary differences that gave rise to deferred income taxes in the consolidated statements of financial position are analyzed as follows:

	2023	2022
Accounts receivable	$ 264	$ 3,541
Employee benefits	1,075	46,997
Tax losses	197	24,494
Intangible assets	9,504	24,659
Fixed assets	271	23,964
Derivative financial instruments	-	1,136
Inventories	30	3,862
Others	58	21,212
Deferred income tax asset	$ 11,399	$ 149,865
Employee benefits	(14,043)	(2,274)
Intangible assets	6,919	-
Fixed assets	(16,938)	8,588
Derivative financial instruments	(96)	1,212
Advance payment to suppliers	646	467
Others	11,140	1,794
Deferred income tax liability	$ (12,372)	$ 9,787

As of December 31, 2023, the Company and its subsidiaries have tax-loss carryforwards of $2,375, which have the right to be applied to future income and expire in 2032. In the determination of the deferred income tax the effects of the tax-loss carryforwards from Mexican companies of $1,718 were excluded .

Expiration in:	Losses of Mexican companies
2031	1,534
2032	836
2033	5
Total	$ 2,375

As of December 31, 2022, the Company and its subsidiaries have tax-loss carryforwards of $ 489,728, which have the right to be applied to future income and expire as follows:

Expiration in:	Losses of Mexican companies	Losses of foreign companies
2023	$ 44	-
2024	56	-
2027	259	-
2029	35	8,057
2030	604	28,418
2031	54,676	3,275
2031 and thereafter	27,559	366,745
Total	$ 83,233	406,495

In the determination of deferred income tax, as of December 31, 2022, the effects of tax-loss carryforwards from foreign and Mexican companies of $406,495 and $1,581, respectively, were not recognized. In 2023 after the discontinued operation mentioned in note 26, there are no longer tax-loss carryforwards to be recognized from the foreign subsidiaries.

The income taxes recognized in other components of comprehensive income are analyzed as follows:

	Year ended December 31,	
	2023	2022
Effect of derivative financial transactions	$ 1,201	$ (377)
Actuarial remeasurement of benefit plan	(22,860)	14,917
Total income taxes recognized in other comprehensive income	$ 22,445	$ 14,540

Through 2013, the Company consolidated its tax results from its operations in Mexico. Subsequently and in accordance with the tax reform, the Company has the obligation to pay the deferred tax determined at that date, which will be paid in accordance with the transitory provisions of the new Law. During 2023 the Company paid $10,855.

23. Costs and expenses

The main items comprising costs and general expenses as of December 31, 2023 and 2022 are as follows:

	2023		
	Cost of sales	Administration expenses	Distribution and sale expenses
Cost of goods sold	$ 44,752	-	-
Salaries, wages and benefits	28,448	44,706	862
Freights	836	-	14,843
Depreciation and amortization	12,175	3,197	318
Maintenance	31,899	1,928	-
Energy	8,535	200	-
Others	33,046	45,671	3,099
Total	$ 159,691	95,702	19,122

	2022		
	Cost of sales	Administration expenses	Distribution and sale expenses
Cost of goods sold	$ 35,561	-	-
Salaries, wages and benefits	21,883	34,456	660
Freights	660	-	13,242
Depreciation and amortization	11,452	3,029	151
Maintenance	22,022	1,582	-
Energy	12,960	152	-
Others	46,560	36,112	1,723
Total	$ 151,098	75,331	15,776

24. Operating segments

An operating segment is a Company's component that is engaged in business activities for which it can earn income and incur expenses, including income and expenses relating to transactions with any of the other components of the Company. All the operation results of the operating segments are reviewed periodically by the Company's management to make decisions on the resources that must be distributed to the segment and assess their performance.

Transactions between segments are determined based on comparable prices to those that would be used with or between independent parties in comparable transactions.

The accounting, administrative and operating policies are the same as those described by Vitro. The Company evaluates the performance of its segments based on operating income. Sales and transfers between segments are recorded in each segment as if they were made to third parties at market prices.

The segments reporting in Vitro are strategic business units that offer different products. These segments are managed separately; each requires its own system of production, technology, and marketing and distribution strategies. Each market serves to different customer bases.

As a result from the corporate restructure mentioned in note 2. The Company restructured its operating segments, which are: Chemicals and Corporate.

a) The following tables present certain information by segment as of December 31, 2023 and 2022:

Year ended December 31, 2023

	Chemicals	Corporate	Subtotal	Others and eliminations	Consolidated
Consolidated sales	$ 228,059	$ 96,432	$ 324,491	$ (13,838)	$ 310,653
Sales to related parties	725	92,213	92,938	(13,838)	79,100
Net sales to third parties	227,334	4,219	231,553	-	231,553
Net income (loss) before other expenses	36,347	(241)	36,107	31	36,138
Interest income	7,726	58,775	66,501	(10,687)	55,814
Financial expenses	7,534	50,493	58,027	(10,788)	47,239
Net income before income taxes	39,668	111,157	150,825	477	151,302
Income taxes	10,063	18,627	28,690	-	28,690
Depreciation and amortization	6,837	8,883	15,720	(30)	15,690
Investment in fixed assets	10,061	6,017	16,078	-	16,078

Year ended December 31, 2022

	Chemicals	Corporate	Subtotal	Others and eliminations	Consolidated
Consolidated sales	$ 179,809	$ 79,507	$ 259,316	$ (7,509)	$ 251,807
Sales to related parties	500	74,921	74,421	(7,509)	67,912
Net sales to third parties	179,309	4,586	183,895	-	183,895
Net income (loss) before other expenses	15,953	(6,371)	9,582	20	9,602
Interest income	5,856	52,834	58,690	(8,896)	49,794
Financial expenses	9,087	48,808	57,825	(8,954)	48,941
Net income (loss) before income taxes	13,539	57,543	71,082	(1,321)	69,761
Income taxes	4,536	32,543	37,079	-	37,079
Depreciation and amortization	6,186	8,466	14,652	(20)	14,632
Investment in fixed assets	3,968	3,277	7,245	-	7,245

As of December 31, 2023, assets and liabilities by segment are as follows:

	Chemicals	Corporate	Subtotal	Others and eliminations	Consolidated
Total asset	278,181	2,181,372	2,459,554	(821,733)	1,637,818
Total liabilities	206,513	900,764	1,107,277	(142,020)	965,257

As of December 31, 2022, assets and liabilities by segment are as follows:

	Flat glass	Chemicals	Containers	Subtotal	Others and eliminations	Consolidated
Total asset	2,437,062	326,512	700,906	3,464,480	(906,255)	2,558,225
Total liabilities	1,255,520	175,728	436,352	1,867,600	(515,291)	1,352,309

b) Geographical information

Certain geographical information regarding the Company's transactions is summarized as follows:

	Year ended December 31, 2023	2022
Net sales to customers [1] in:		
Abroad, mainly in the USA	$ 47,390	$ 41,071
Mexico	263,263	210,736

[1] According to the country where the Company is located.

Geographic information on land and buildings, machinery and equipment, and investments in process is summarized as follows:

	December 31, 2023	2022
Lands and buildings, machinery and equipment and investments in process:		
Abroad, mainly in the USA	$ -	$ 401,723
Mexico	231,018	738,076

The other non-current assets other than monetary items are summarized as follows:

	December 31, 2023	2022
Intangible asset, including goodwill:		
Abroad, mainly in the USA	$ -	$ 261,254
Mexico	20,821	37,919

25. Contingencies

During 2022, SAT notified to Distribuida del Álcali S.A de C.V. subsidiary of Vitro, the beginning of the exercise of its review rights in relation to compliance with the obligations of the company as a direct subject, as well as withholder and jointly responsible in matters of income tax corresponding to the fiscal year of 2015. As a follow-up of the review in process, during the months of April to June 2022, technical sessions and worktables were held with the authority, which led in July 2022 to a self-correction agreement which concluded in the payment of $23,155 (see note 22) on July 27, 2022. During 2023, as a result of an audit made to the 2015 exercise, SAT emitted a tax assessment letter in which requires a tax payment for a Grupo Vitro's intercompany sale of shares, considering the shareholders' equity of the disposed subsidiary. The amount specified in the settlement letter comes to $154,974, including accessories and fines. The Company, in line with a group of legal experts, has determined there is sufficient basis to not register a provision related to this matter.

During 2023 SAT continued with the process of reviewing previous exercises, reaching an agreement with the Company to reconcile criteria differences of the year under review. The required amount by the tax authority for the previously mentioned differences in criteria was autocorrected by the Company, registering the corresponding tax for $4,150 (see note 22), as well as the accessories and fines, which were incorporated as a financial expense for the exercise.

As of December 31, 2023 there are audits in process made by SAT to Vitro or its subsidiaries. The Company has determined that there is no need to register a provision because the probability of the loss is less than likely. Our experts estimate that Vitro has the sufficient elements to obtain a favorable resolution of the remaining accounts being observed by the authority. Nevertheless, Vitro cannot assure a definite favorable resolution until all the instances of this procedure are finalized.

As of December 31, 2023, through its team of experts, Vitro has determined that there is no need to register a provision because the probability of the loss is less than likely. Our experts estimate that Vitro has the sufficient elements to obtain a favorable resolution of the settled accounts observed by the authority. Nevertheless, Vitro cannot assure a definite favorable resolution until all the instances of this procedure are finalized.

As of December 31, 2023 the Company has a debt of $75,000 from a credit obtained in a Club Deal type financing with Banorte, Scotiabank and BBVA, the last one being designated as the credit management agent, and another credit for $10,000 with Prudential mentioned in note 14; additionally, it is also jointly liable of the credit obtained in a Club Deal type financing, of its related parties for an amount of $415,000 with Banorte, Scotiabank and BBVA, the last one being designated as the credit management agent, as well as credits of the same related parties with Prudential for $170,000, Bank of Nova Scotia for $70,000 and BBVA for $70,000.

In accordance with the legislation in which the Company operates, the companies that carry out transactions with related parties are subject to tax limitations and obligations regarding the determination of the agreed prices, since these must be comparable to those that would be used with or between independent parties in comparable transactions. In the event that the tax authorities review the prices and reject the amounts determined, they may require, in addition to the collection of the corresponding taxes and accessories (restatement and surcharges), fines on the omitted taxes.

The Company is involved in several lawsuits and claims, derived from the normal course of its operations, which are not expected to have a material effect on its financial position and future results.

26. Discontinued operations and assets held for sale

a) *Discontinued Operations*

Corporate restructure

At the General Ordinary Meeting held on December 1, 2023, the Stockholders agreed to a corporate restructure of the Company with the sale of 100%, 51% and 79.8% of the Vitro Automotriz UE, S.L.U., Vitro Empaques, S.L.U. and Vitro Arquitectónico España, S.L.U. businesses, to Vitro International; qualifying for accounting purposes as a discontinued operation in the consolidated financial statements. Therefore, the results and cash flows are shown as discontinued operations in the consolidated financial statements for the year ended December 31, 2023, adjusting the comparative figures for the year ended December 31, 2022.

The condensed information relative to the consolidated financial statements of profit and loss of the discontinued operation is as follows:	2023	2022
Net sales	$ 2,202,724	$ 2,171,139
Cost of sales	(1,725,778)	(1,699,341)
Gross profit	476,946	471,798
Administrative and sale expenses	(409,094)	(398,526)
Income before other expenses, net	67,852	73,272
Other expenses, net	(8,294)	(563)
Operating income	59,558	72,709
Financial cost, net	(153,752)	(96,851)
Share in net income of associated companies	(3,280)	(984)
Loss before income taxes	(97,474)	(25,126)
Income taxes	19,284	9,828
Net loss	(78,190)	(15,298)
Other comprehensive income reclassified to results for sale of bussiness (1)	84,446	-
Income (loss) from discontinued operations	$ 6,256	$ (15,298)

(1) Corresponds to the conversion effect for $(86,734) generating by Vitro Automotriz UE, S.L.U., Vitro Empaques, S.L.U. and Vitro Arquitectónico España, S.L.U., which according to IAS 21, the accumulated amount of exchange rate differences that relate to the foreign operation, recognized in "Other comprehensive income" and accumulated on a separate component of equity, should be reclassified to results, as a reclassification adjustment, at the moment the control is lost. Additionally, it includes $2,288 related to the accumulated effects of the derivative financial instruments valuation to which cash flow hedge accounting is applied to, which at the moment of the business disposition is recycled to profit or loss, according with IFRS 9 requirements.

The effects accumulated over previous years were recognized in the consolidated statement of profit or loss and other comprehensive income under discontinued operations, in compliance with IAS 21 requirements.

As of December 31, 2023 and 2022, the results from the continuing operations include an impairment of $57,244 and $46,328, respectively.

The information relative to the condensed information of the assets and liabilities of the discontinued operation generated in 2023 is as follows:

	Automotive	**Architectonic**	**Containers**	**Eliminations**	**Total**
Assets					
Cash and cash equivalents	65,165	44,256	41,980	-	151,401
Trade accounts receivable, net	10,921	15,921	18,190	-	45,032
Inventories, net	214,504	222,592	58,517	(2,552)	493,061
Related parties	371,156	622,330	336,044	(373,473)	956,057
Property, plant and equipment, net	224,507	514,368	183,442	896	923,213
Right of use assets	46,388	40,063	22,933	(7,748)	101,636
Intangibles	10,234	191,513	4,032	-	205,779
Goodwill	-	56,963	-	-	56,963
Deferred income taxes	57,651	39,050	39,636	9,999	146,336
Investment in shares	10,069	24,956	-	-	35,025
Other assets	146,529	80,462	52,970	134	280,095
Total assets	1,157,124	1,852,474	757,744	(372,744)	3,394,598
Liabilities					
Debt	-	1,527	-	-	1,527
Lease liability	15,316	11,401	4,046	(591)	30,172
Trade accounts payable	112,976	120,820	19,118	-	252,914
Other current liabilities					0
Related parties	702,530	304,638	237,882	(373,336)	871,714
Long-term debt	-	557,525	163,994	-	721,519
Long-term lease liabilities	28,804	31,750	20,650	(7,943)	73,261
Employee benefits	45,895	56,846	78,572	-	181,313
Other liabilities	70,217	83,195	18,478	8,191	180,081
Total liabilities	975,738	1,167,702	542,740	(373,679)	2,312,501
Net assets	181,386	684,772	215,004	935	1,082,097
Non-controlling interest	1,025	(1,182)	-	-	(157)
Controlling interest	180,361	685,954	215,004	935	1,082,254
Sold percentage	100%	79.80%	51%		
Book value of the sale	**180,361**	**547,391**	**109,652**		**837,404**

The difference between the book value of the net assets for an amount of $837,404 and the sale price for the amount $812,519, was registered in the Company's equity because they classified as common control transactions, said amount was of $(24,885).

For tax effects the sale of the businesses generated a loss on the sale of the shares for an amount of $411,48, due to the difference between the fiscal cost of the shares and the agreed sale price.

b) *Assets held for sale*

As of December 31, 2023 and 2022 the assets held for sale are as follows:

	December 31	
	2023	**2022**
Investment in associates available for sale (Note 27) [1]	104,010	-
Others	4,773	4,819
Total	$ 108,783	$ 4,819

[1] Corresponds to the remaining investment in Vitro Arquitectónico disposed of in 2024, which was registered at its market value and the difference with its book value for the amount of $(33,779) was registered in equity because it classifies as a entities under common control.

27. Subsequent events

On January 31, 2024 the disposition of the remaining investment in associates for the 15.56% of the ownership in Vitro Arquitectónico España, S.L.U. entered into effect with its related party Vitro International. Therefore, as of December 31, 2023, this investment was classified as a short-term held for sale asset at its market value, generating an impairment for an amount of $(33,779) in stockholders' equity.

28. Authorization to issue the consolidated financial statements

The consolidated financial statements and notes of the Company as of December 31, 2023 and for the year ended on that date, were authorized for issuance by the Board of Directors on March 23, 2024, under the responsibility of Mr. Adrián G. Sada Cueva, Executive General Director, and C.P. Claudio L. Del Valle Cabello, General Director of Administration and Finance.

These consolidated financial statements are subject to the approval of the Company's Board of Directors, as well as approval at the ordinary stockholders' meeting, where they may be modified, based on provisions set forth in the Mexican General Corporate Law.